FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,264 — Tuesday March 6 1984 — D 8523 B

The U.S. Treasury's bond market time bomb, Page 19

NEWS SUMMARY

GENERAL

Gemayel scraps Israel accord

Lebanon's President Amin Gemayel, as expected, renounced the May 17 accord with Israel which called on all foreign troops to withdraw from his country.

Syria's President Hafez Assad, tens of thousands of whose country's troops are in Lebanon, telephoned to congratulate him.

Israel, whose troops occupy the south of Lebanon, says it still wants to maintain contacts with the Lebanese Government. Its aircraft struck yesterday at what it said were Palestinian guerrilla bases near Beirut.

Italy said its last contingent of about 90 paratroopers will leave Beirut. Page 20

Ariane launched

Ariane, the European Space Agency rocket carrying the world's largest civilian telecommunications satellite, had a perfect launch from French Guiana.

Arms cost talks

The Warsaw Pact proposed talks with Nato on a mutual commitment to curb military spending. Radio Moscow said the proposal was contained in a document distributed by the Romanian Foreign Ministry.

Finnish strike off

Today's planned Finnish general strike was averted when the trades union federation decided to accept the Government arbitrators' proposal on pay and conditions. Page 2

Oppenheimer's view

Mining multi-millionaire Harry Oppenheimer told the South African Institute of International Affairs in Cape Town that recent moves to defuse tension in the country would not succeed without accelerated race reforms. Page 4

Communist freed

Uruguay freed the country's Communist Party's former secretary-general Jose Luis Massera, a 68-year-old scientist, after nearly nine years in jail.

Sudan expects help

Sudan's Vice-President Omer Mohamed Altayeb said the U.S. had agreed to airlift arms to help the Khartoum Government "confront the conspiracies it is facing."

Ethiopian offer

Ethiopian Government agreed to take care of a pregnant West German woman and her 18-month-old son kidnapped from a French construction camp in southern Sudan by anti-government rebels who later released them.

Swedish row

Sweden's right-wing opposition started a political row over the sending of an official mission to Moscow while the Swedish military are hunting for intruders and a suspected foreign submarine.

Gonzalez Call

Spanish Prime Minister Felipe Gonzalez, on a visit to Belgium, urged speedier integration of Spain into the EEC after its entry planned by 1986. He said the 10-year transition envisaged for Spanish agriculture was unfair.

Giscard to stand

Former French President Valéry Giscard d'Estaing is to stand for election to the National Assembly in 1986, he told television viewers last night.

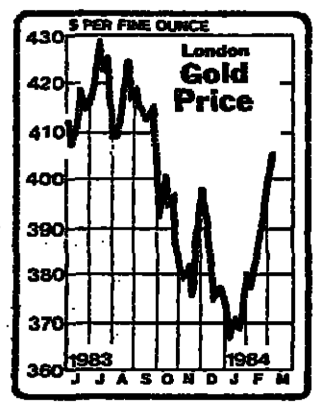
BUSINESS

Gold climbs above $400

GOLD pushed back above $400 an ounce again, rising $6.5 in London to close at $405.75, its highest closing level since September. In New York, the Comex March settlement was $404.6.

It also closed at $405.75 in Frankfurt, from $397.25 on Friday. In Zurich it rose $8.75 to $405.5. Page 40

In London the FT Gold Mines share index rose by 31.2 points to 704.7.



STERLING rose 40 points to $1.485 and to DM 3.8325 (DM 3.83), but fell to FFr 11.775 (FFr 11.79), SwFr 3.1625 (SwFr 3.1925) and Y332.5 (Y336). Its Bank of England trade-weighted index fell from 82.4 to 82.1. In New York it closed at $1.48325. Page 41

DOLLAR fell to DM 2.5795 (DM 2.5835), FFr 7.9325 (FFr 7.9625), SwFr 2.1275 (SwFr 2.154), and Y223.6 (Y228). Its trade weighting dropped from 125.6 to 125.1. In New York it closed at FFr 7.9225, SwFr 2.118, DM 2.57275 and Y223.4. Page 41

WALL STREET: Dow Jones Industrial Average closed down 6.28 at 1,165.2. Report, Page 31.

LONDON: FT Industrial Ordinary index fell 6.3 to 832.8. Some government securities showed modest rises. Report, Page 35. FT Share Information Service, Pages 36, 37

TOKYO: Nikkei Dow index advanced 32.43 to 10,088.94. Stock Exchange index was 4.2 up at 787.41. Report, Page 31. Leading prices, other exchanges, Page 34

JAPAN: Four Japanese opposition parties threatened to boycott tomorrow's parliamentary session after their call for bigger 1984-85 tax cuts.

EEC consumer prices rose 8.1 per cent in the year to January.

GULF & WESTERN, U.S. consumer products group, boosted second-quarter net profits to $70.4m or 97 cents a share, against $55.7m or 72 cents a share.

BARCLAYS Britain's biggest bank, reported 1983 pre-tax profits up 12.5 per cent at £557m, but after-tax profits were 7.4 per cent down at £364m. A record £475m ($705m) was set aside to cover possible loan losses. Report and Lex, Page 20. Details, Page 27

PIRELLI, the Italian cables and tyres multinational, announced a 9 per cent rise in group turnover at L5,900bn ($3.7bn), said 1983 profits would be up, and that it was planning a L44.6bn rights issue. Page 21

PORSCHE, the West German sports car maker which faces a $100m damages suit from a New York wholesaler, is pressing on with its new computerised distribution system in the U.S. Page 21

NOVO INDUSTRI, Danish pharmaceuticals group, reports 1983 pre-tax profits 37 per cent up at DKr 956m ($100m). Lex, Page 20, Page 21

We regret that because of transmission problems New York stock prices are not included in this edition.

Mondale fights to survive against Hart

BY STEWART FLEMING IN WASHINGTON

MR WALTER MONDALE is fighting for political survival in the contest for the Democratic Party's presidential nomination after Senator Gary Hart's resounding victory over the former Vice-President on Sunday in party caucuses in Maine.

Mr Hart emerged a clear winner in Maine, capturing just over 50 per cent of the votes against 44 per cent for Mr Mondale. The race had thrown the superior organisation of the once heavily favoured Mr Mondale against the momentum that Mr Hart had after winning the New Hampshire primary election last week.

Mr Mondale, who has looked shaken and nervous on television in the past three days, as if sensing that his three-year campaign for the Democratic presidential nomination is on the verge of unravelling, told breakfast television viewers yesterday: "I am in trouble. I need help."

Mr Mondale had pulled out all the stops in Maine in an effort to halt the bandwagon that has built up behind Mr Hart since he crept into contention two weeks ago by capturing 16 per cent of the votes in the Iowa caucuses, where Mr Mondale won 49 per cent.

Mr Mondale's chances of halting Mr Hart's momentum now appear to be fading. His aides concede that he is facing a last-ditch fight in next Tuesday's 11 primary and causus elections. Now at stake are not just the more than 600 convention delegates to be selected on that day, but also Mr Mondale's reputation as a vote-puller who stands a chance of challenging the formidably popular Mr Ronald Reagan in November.

The message from Maine is that Mr Mondale's biggest assets, his well-oiled campaign machine and the string of heavyweight endorsements from national and local leaders (including former Maine Senator Edmund Muskie), have failed so far to turn the tide against even a dark-horse candidate such as Mr Hart.

The Colorado Senator is widely expected to win today's non-binding presidential primary in Vermont, and the caususes in Wyoming on Saturday. A poll published in the Boston Globe shows that he is the front-runner for next Tuesday's important Massachusetts primary.

Mr Mondale, who admitted again yesterday that he made the mistake of ignoring Mr Hart's challenge until it was too late, must now run strongly next Tuesday, particularly in the critical state primaries in Florida, Georgia and Alabama. In those states, as in Maine, he has been seen as a strong front-runner and to have the advantages of powerful local support among professional politicans and leaders of interest groups such as trade unions.

A complicating factor will be that other candidates, in particular the Rev Jesse Jackson, might influence the outcome next week by drawing support from the two front-runners.

Mr Mondale's hopes will not be raised by the evidence that Mr Hart has revelled in his success, becoming more relaxed and dealing effectively with tougher questioning by television and press interviewers.

Ironically, it is also now felt that the "front loading" of the primary season, which has squashed several key delegate selection processes into a few weeks, may be working against Mr Mondale. The former Vice-President had wanted this procedure in order to be able, he hoped, to lock up the Democratic nomination early and lead a united party into the campaign against President Reagan.

Fears of the Mondale campaigners, Page 5

Mr Walter Mondale

NATIONAL SEMICONDUCTOR PLANS SCOTTISH EXPANSION

£100m microchip project for UK

BY GUY DE JONQUIERES IN LONDON

NATIONAL SEMICONDUCTOR, one of the leading U.S. electronic component manufacturers, plans a £100m ($148m) investment in Scotland to build what it claims will be Western Europe's most advanced microchip production line.

The project is the largest single electronics investment in Scotland and one of the biggest in Europe. It is expected to create 1,000 jobs in the next four years, most to be filled by local recruitment in Clydeside.

The project – the third substantial foreign electronics investment in Scotland announced in the past three weeks – is an expansion of National Semiconductor's existing plant in Greenock, near Glasgow, which now employs about 1,650 people. About 200 of the 1,000 extra staff have already been taken on, and all but about 50 will join by mid-1987.

National Semiconductor said that the project would treble output over the next five years at Greenock, which accounts for about a quarter of the company's total chip production. The chips will be sold worldwide.

The plant will be technically advanced even by U.S. standards. It will be one of the first in the world to make six-inch diameter silicon wafers (shiny metallic discs on which the intricate microchip circuits are etched).

Each six-inch wafer will provide about 1,000 microchips, which is more than twice the capacity of the four-inch wafers used by most of the industry. Trial quantities of six-inch wafers are expected by December, with volume production planned to start early the following summer.

Six-inch wafers are not made by any U.S. component company on a large scale. This is the first time that one has chosen to use advanced production methods in Europe which have not been used in the U.S. National Semiconductor will also make five-inch wafers in Greenock, as well as continuing production of the four-inch wafers.

National Semiconductor said productivity at Greenock, where it has invested £75m since it began production in 1970, matched or was better than its three other plants in the U.S.

The company said that it would finance most of the investment itself, although it has received some amounts of government assistance for the project.

National Semiconductor's worldwide turnover, which includes sales of computers and terminals as well as microchips, was $1.2bn last year. Its European component sales last year are estimated at $158m by Dataquest, the U.S. market research firm.

Mr George Younger, Secretary of State for Scotland, said the Silicon Glen region had the biggest concentration of high technology industries in Europe.

Silicon Glen stretches from Greenock on the Clyde to the new town of Glenrothes in Fife. More than 200 electronics or related companies are concentrated in an area similar to Silicon Valley in the San Francisco bay area.

Other companies making semiconductors in the region are Motorola, General Instrument, NEC, Hughes Microelectronics and Burr Brown, giving Scotland the largest concentration of semiconductor production outside the U.S. and Japan.

Shin-Etsu Handotai of Japan last month announced plans to set up a £30m, plant to produce silicon at Livingston, near Edinburgh. Hewlett-Packard of the U.S. also expects to create 700 new jobs by 1988 by expanding its electronics plant at nearby South Queensferry.

Continued on Page 20
Rebirth from ships to chips, Page 18

Lambsdorff hint of EMS shuffle as $ declines

BY PHILIP STEPHENS IN LONDON

DOLLAR SALES on foreign exchange markets continued yesterday as the U.S. currency fell further against the Japanese yen and Swiss franc. Its recent sharp decline brought an official hint of a possible realignment in the European Monetary System.

Speaking in Chicago, Count Otto Lambsdorff, the West German Economics Minister, said he could not rule out a currency reshuffle in the EMS as a result of the dollar's fall.

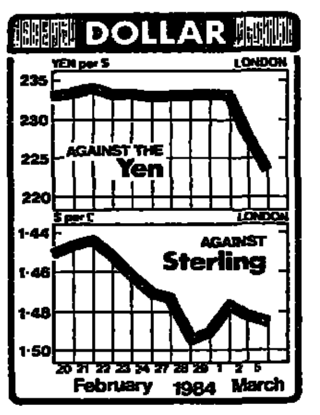
A rush of funds into D-Marks in the past few weeks has put strong pressure on the Belgian franc within the EMS, forcing heavy intervention by central banks and a rise in the Belgian discount rate.

The French franc, last devalued in March 1983, has also suffered, although it remains above its EMS floor against the D-Mark.

Tensions within the EMS eased yesterday, however, as the markets focused on the yen's and Swiss franc's strong gains against the dollar.

In London, the dollar closed at Y223.60, down from Y228 on Friday, and at SwFr 2.1275 against SwFr 2.154.

Those losses combined with further small falls against sterling and the D-Mark to push the U.S. currency's trade-weighted index against a basket of currencies down to 125.1,



the lowest level for five months. That compares with 125.6 at the end of last week.

Foreign exchange dealers said the dollar's losses against the yen largely represented a delayed reaction by the Japanese currency to the dollar's sharp fall in recent weeks, a view shared by the Japanese authorities.

The Swiss franc had also failed previously to benefit as much as other currencies from the dollar's decline.

Continued on Page 20
Japan unperturbed, Page 4; Stock markets, Page 31; Money markets, Page 41

Millions in China's long march to private enterprise

By Mark Baker in Peking

CHINA'S retail shops, restaurants and service trades are being taken over by capitalist-style small businessmen and family co-operatives.

They are hiring and firing their own workers, worrying about profit margins and tailoring their goods and services to woo customers away from their competitors.

In 1978, in the aftermath of the Cultural Revolution there were only 140,000 people engaged in private businesses throughout China. There are now more than 7.5m.

Private enterprise is spreading so rapidly that it is almost as extensive as it was immediately after the revolution, before Chairman Mao began to channel most private commerce into state hands.

Between 1978 and 1982, China gained 1.5m retail stores, 628,000 restaurants and food shops (a fourfold increase) and 597,000 service trade shops. About 80 per cent of all the new businesses are privately owned.

The figures, just released by China's State Council, show that private commerce in these areas is eclipsing the traditional control of the state monopolies. The spread of "controlled capitalism" is being encouraged by the leadership of Deng Xiaoping to promote productivity and meet the growing consumer demands of Chinese workers and peasants, whose incomes have more than doubled in five years.

"During those terrible 10 years of the Cultural Revolution (1966–76), these private businesses were regarded as capitalist tails that should be cut off," said Hao Haifeng, director of the state department responsible for managing private economic activity.

"But history has given us a very profound lesson. We see that a uniform national economy cannot bring prosperity to China.

"The co-existence of the state economy, collective enterprises and the individual economy is the way that the people of China can achieve great prosperity in a short time."

Privately-owned restaurants, food stores and service trade businesses now outnumber the state enterprises by about two-to-one. There are about as many privately-owned retail stores as there are state-owned ones.

No detailed figures have been released on the comparative turnovers of state and private businesses, but the sales of private en-

Continued on Page 20

Gulf Oil examines takeover options

BY WILLIAM HALL IN NEW YORK

SHARES of Gulf Corporation, the embattled U.S. oil group, were temporarily suspended yesterday morning as its board of directors held an emergency meeting in Pittsburgh to discuss what Wall Street analysts believe is the biggest takeover offer in U.S. corporate history.

Shortly before the New York Stock Exchange opened for business yesterday Gulf announced that it had requested the suspension of trading in its shares pending an announcement. The shares resumed trading about 3½ hours later after the stock market was informed that no announcement would be made during the day's trading session.

After trading resumed Gulf shares rose $1⅛ to close at $70⅞, capitalising America's fifth biggest oil company at $11.6bn.

Gulf's board started meeting at 9.00am eastern standard time yesterday. At least a dozen companies, including foreign entities, have expressed interest in helping Gulf fight off the bid for control by a dissident shareholder group led by Texan oilman Mr T Boone Pickens.

The Los Angeles-based Atlantic Richfield Company (Arco), the seventh biggest U.S. oil company, is widely believed to be the most likely partner in any friendly takeover of Gulf. It has raised the necessary bank finance and has met frequently with Gulf's senior executives. Standard Oil Company of California, the fourth biggest U.S. oil company, is also known to be interested, however, and Wall Street is waiting to see whether the struggle for control of Gulf will turn into a major contested takeover bid.

Gulf is known to be anxious to arrange a friendly merger with another company so that it can defend itself against Mr Pickens' advances.

There were signs yesterday that some major holders of Arco shares were not enthusiastic about the company's efforts to take over Gulf. Arco shares shed another $¾ to $43⅞ yesterday, and have fallen more than $3 since the Californian oil company revealed its interest in Gulf.

Lex, Page 20; Stock markets, Page 31

Italians in axle link with GKN

By Ian Rodger in London

GUEST KEEN and Nettlefolds (GKN), the British engineering group, is to take a third stake in Carraro, a leading Italian manufacturer of four-wheel-drive axles for off-highway vehicles.

Carraro, a family-owned business based in Padua, is hiving off its axle and component business into a joint venture company with GKN. The Italian group also makes agricultural tractors.

Carraro specialises in four-wheels – drive axles for backhoe loaders, tractors and fork lift trucks, and is a major supplier to European and U.S. manufacturers of these vehicles. Its sales of axles and components amount to about $37m per year, and 850 workers are employed in this business.

GKN said the joint venture provided it with a further opportunity to increase its interests in the international automotive industry. The proportion of its revenue from motor components has risen from 35 per cent in 1979 to about 45 per cent.

CONTENTS

EEC ministers in drive for farm policy reform pact

BY JOHN WYLES IN BRUSSELS

EEC AGRICULTURE Ministers last night began a determined attempt to sketch an outline agreement on farm policy reform so as to provide some foundations for a badly-needed political success at the Community summit in 13 days' time.

Urgency as well as doubts about whether enough time is available, was demonstrated late yesterday afternoon by M Michel Rocard, the French Minister of Agriculture, and President of the Council of Ministers.

Before beginning separate bilateral discussions with each Minister, M Rocard hinted that he might be calling them all back for further negotiations towards the end of the week if not enough progress is made by this evening.

Some progress was made by the farm Ministers last week but, paradoxically, this is creating concern that any agreements will fall seriously short of the objective of fundamental economies in the Common Agricultural Policy.

Anxiety within the European Commission is particularly focusing on the consensus which seems to be emerging between France and West Germany over how to achieve the elimination of monetary compensatory amounts so militantly demanded by French farmers.

These are border taxes and subsidies which even out the impact of currency changes on farm prices in national currencies and which French farmers complain give an unfair advantage to strong currency countries suc as West Germany, the Netherlands, and the UK.

The effect of the scheme proposed by West Germany could be to add between 400m and 700m European Currency Units (Ecu's) to the cost of the CAP in a full year compared to the Ecu 169m saving sought by the commission's original proposal. This has been vetoed by Bonn because it would lead to a lowering of prices paid to German farmers.

Another concern, shared by several national capitals, is that the German proposal would, in effect, raise farm prices in other EEC countries every time the D-Mark is revalued against other Community countries.

Similarly, the savings to be obtained from imposing quotas on dairy production may also disappoint the Commission, as well as some heads of government.

The global quota of 97.2m tonnes which the Commission is seeking will have to be increased by special concessions to Ireland if Dublin's approval of a final package is to be secured.

Since Italy and Greece are also demanding special treatment, this issue could well prove so difficult that it will have to be dealt with by the summit.

Another proposal with which *the Commission hoped to reduce* the budgetary costs of the CAP — the tax on oils and fats — also looks unlikely to materialise. British, German *and Dutch opposition remains* unshaken, but the result will be the loss of Ecu 600m of revenue for the CAP in a full year.

PRIME Minister Margaret Thatcher and President François Mitterrand, the two key protagonists in the EEC budget battle, yesterday held three hours of talks at Chequers, ostensibly aimed at narrowing their considerable differences before the forthcoming Brussels summit, our Foreign Staff writes.

M. Mitterrand, as current Community president, is consulting all EEC member-governments with a view to presenting the summit with a compromise package on the two UK demands—a ceiling on farm spending and fairer budget contributions.

British and French officials said of yesterday's talks that an atmosphere of confidentiality was most conducive to progress. It was not clear that compromise was brought any nearer on the UK demands.

Sweden aims to cut aid to crisis-hit industries

By Kevin Done, Nordic Correspondent, in Stockholm

SWEDEN'S Social Democratic Government is making a big effort to cut subsidies to crisis sectors of industry and is pinning its faith more squarely on market forces and the private sector to revitalise Swedish industry.

The policy fits conveniently with the overriding need to restrain state expenditure and bring the public sector budget deficit under control. The government is being helped, too, by the big jump in industry's profits last year, triggered by the 16 per cent devaluation of the Swedish currency in October 1982.

The net cost of supporting ailing industrial sectors is to be cut to an estimated SKr 3.5bn (£304m) in the current fiscal year 1983-84 compared with SKr 11.8bn in 1982-83.

Mr Thage Peterson, Industry Minister, claimed yesterday that most of the costly restructuring of Swedish industry particularly *in the shipbuilding, steel, forest* products and mining sectors has now been completed.

"Swedish industrial policy can now win back its proper *role after several years in which* industrial policy has been synonymous with defensive subsidy policies," he said.

With improved profitability, industry must be prepared to increase expenditure in capital investment and research and development, to create more jobs, and it must also carry the burden of individual loss-making companies, he said.

"If things go badly companies must themselves take responsibility for quick counter-measures to avoid bankruptcy."

The Government's tougher line towards ailing parts of industry has already been felt in the stainless steel sector, which has been forced to take responsibility for its own future

In a Bill concerning industrial growth and renewal, the Industry Department stresses that it now wishes to devote available funds more aggressively to increased research and development and increased aid to small and medium-sized companies, and to providing capital for high-risk industrial projects.

The Swedish Industry Federation reacted sceptically to the Bill yesterday,

U.S. wants Europe in space project

BY PETER MARSH IN LONDON AND DAVID MARSH IN PARIS

THE U.S. would be "terribly *disappointed*" *if* Western Europe failed to join the country's programme to build a manned space station for the 1990s, Mr James Beggs, head of the American space agency, said in London yesterday.

Mr Beggs, administrator of the National Aeronautics and Space Administration (Nasa), was starting a major effort by the U.S. Government to woo Western Europe into participating in the project.

A few hours earlier, the hopes of Western Europe in *space technology received a* boost with a successful launch of Ariane, the rocket built under the auspices of the 11-nation European Space Agency.

The vehicle lifted off from a launch pad in Kourou, French Guiana. It carried a satellite for Intelsat, the international telecommunications organisation.

One space official said: "It went like clockwork. It was routine."

Arianespace, the company that sells Ariane launches, has an order book for 27 satellite launches, bringing in fees of FFr 6.1bn (£500m).

M Roland Deschamps of Arianespace said the launch confirmed Ariane has reached "*technical* maturity." The rocket has put its payload into orbit on six out of eight launches.

The latest Ariane triumph will fortify Europe's determination to present itself as an experienced *contender* in space technology.

This, so officials in European capitals reason, should enable them to hold out for the best *possible deal* in any agreement with the U.S. over the space station.

Mr Beggs was starting a hectic 10-day trip round the world to present America's plans for the orbiting base.

After discussions with civil servants and Ministers in London, the American space chief is in Bonn today. Later in the week he visits Rome and Paris before flying to Tokyo over the weekend.

Mr Beggs has been assured of audiences with President Mitterrand of France, Sig *Bettino* Craxi, Prime Minister of Italy, and Mr Yasuhiro Nakasone, Prime Minister of Japan.

The U.S. also hopes that Canada will participate in the space station project.

Nasa *officials* want other countries to put up cash for the base in the sky, to add to the $8bn (£5.7bn) that President Reagan committed to the project in January.

Mr Beggs said yesterday he hoped Western Europe would contribute up to $2bn to the programme. Government officials in the U.S. say they want to know by next year which countries plant to commit themselves to the scheme.

The U.S. was approaching the plans for the station with an open mind, Mr Beggs went on. Other countries could either help in the overall design, or simply build modules that plug in to a central core.

The modules could be for specific tasks, for example in experiments in crystal growth or materials processing. Alternatively, these *segments of the* space station could house several activities operated by a single country or government agency.

The space station would benefit from foreign help. "America has no monopoly in brains. We want to draw on the world community in this effort."

Mr Beggs acknowledged fears in Europe that collaboration could be impeded by the U.S. Administration's concern over possible *technology* "*leaks*" *to* the Soviet Union.

As a result, space engineers in Europe have suggested, America might be unwilling to discuss sensitive *technologies* with their partners.

"This is a problem, but it's not insurmountable," Mr Beggs declared.

Vehicles *other than the U.S.* space shuttle might be able to dock with the station. This would leave Western Europe free to send cargo or even people to the base with future versions of Ariane.

Scientists would not necessarily be limited to using laboratories in parts of the station their governments had paid for. They would be able to take advantage of other facilities.

BETWEEN $9bn (£6.4bn) and $10bn are going to be required annually for the next 20 years for the expansion of telecommunications in the developing world, according to preliminary estimates of a special International Commission for the development of worldwide telecommunication, Anthony McDermott reports from Geneva.

As part of the search for advice on the project and finances, the commission has been talking to the World Bank. It hopes also to raise the formidable sums required from other United Nations organisations and the private sector.

West German union chief gives working-week compromise hint

BY RUPERT CORNWELL IN BONN

ON THE eve of a threatened wave of warning strikes in support of a 35-hour working week, a senior West German union official has given the first hint of a possible readiness to reach a compromise.

The hint came in a notably *conciliatory interview with the* Der Spiegel magazine by Herr Franz Steinkühler, deputy head of IG-Metall, the union in the forefront of the thus-far unremitting campaign for a shorter working week.

Hitherto, neither unions nor management up and down the country have given any public indication of readiness to meet the other side halfway. The result is that West Germany, theoretically, could be heading for its most severe industrial disruption for many years.

Herr Steinkühler confirmed that warning strikes would be taking place over the next few weeks. "We have to show that we're ready and able for a struggle," he said.

But Herr Steinkühler, whose harsh talking in the past has earned him the reputation of a hardliner on the 35 hour week issue, went on apparently to leave the door for compromise ajar.

"The name of our demand is the 35-hour week. But that doesn't mean that we wouldn't be agreeable to a 35.5 hour week, and I can think of a whole range of possible solutions." The essential thing, he stressed, was to get rid of the 40-hour standard working week.

The ending of the statutory cooling-off period means that the warning strikes—perhaps 30 minutes or an hour long—could begin up and down the country once this week's carnival festivities are over,

General strike averted in Finland

By Our Helsinki Correspondent

A GENERAL strike in Finland threatened for March 6 was averted at the last minute yesterday when the Central Federation of Finnish Trade Unions (SAK), decided on a *split* vote to accept the compromise proposal of government special arbitrators for a national incomes settlement.

SAK's decision still has to be put to individual member unions and the final decision for some of them will not be known for a fortnight.

The arbitrators' proposal foresees a wage increase of about 7 per cent over the coming two years. Working hours will be reduced by four days a year in the private sector.

Basic unemployment pay will be raised to FMks 70 per day (about £8.4) plus increments for workers with children.

Germans intensify talks on cross-border contacts

BY LESLIE COLITT IN BERLIN

EAST AND West German political and economic contacts will reach a new degree of intensity this week while the number of East Germans being allowed out to the West has reached the highest level since 1961.

Herr Wolfgang Mischnick, Bonn parliamentary leader of the liberal Free Democrats (FDP)—junior partner in the West German Government — conferred yesterday with Herr Erich Honecker, the East German leader.

Herr Mischnick, carrying a personal message from Chancellor Helmut Kohl, said afterwards the talks showed both sides desire further improvements in their relations.

On Thursday, the first meeting ever will take place in East Berlin between parliamentary delegations from East and West Germany. The opposition Social Democrats (SPD) in Bonn are sending a delegation headed by Her Horst Ehmke, deputy chairman of the party.

The SPD urged official contacts betwen the Bundestag in Bonn and the People's Chamber in East Berlin but this was resisted by the ruling Christian Democrats.

Next weekend a number of West German politicians and senior economics officials will visit Leipzig for the spring East-West trade fair.

Count Otto Lambsdorff, the West German Economics Minister, is to confer with Herr Guenter Mittag, East Germany's economics chief, while the *members of the Bundestag's* economics and inner German relations committees will also be in Leipzig for talks with East German officials.

Warsaw pledge to phase out food rationing

WARSAW — Food rationing in Poland may be phased out at the beginning of 1985 but restrictions on meat will stay, Deputy Prime Minister Zbigniew Messner said

He told the Communist Party Daily Trybuna Ludu that the performance of the country's farmers this year would determine the speed with which rationing could be ended and that the authorities intended to *move cautiously*.

The Government was anxious to avoid a repetition of the public outcry which followed the sudden re-introduction of butter rationing last November — Reuter

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SWEDISH NAVY CHIEF EXPLAINS

Why Karlskrona lives between war and peace

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

WITH PRAYERS offered in local churches around Karlskrona at the weekend for "conscripts, the armed forces and the police" as well as for "the foreigners we think are here," the citizens of Sweden's most important naval town are living in a strange, unreal world between war and peace.

For nearly three and a half weeks, the Swedish armed forces have been trying to track down the source of "foreign underwater activities" in the maze of islands that ring one of the country's most sensitive naval bases.

A constant stream of observations from hydrophone contacts, underwater magnetic and acoustic monitoring devices and from visual observations have convinced the Swedish Defence Staff that they have cornered—for the moment—some form of underwater intruders among the islands off Karlskrona on the southern Baltic Coast.

The question that is plaguing the military authorities, is how can they come up with substantive evidence that will prove their claims that Sweden's innermost coastal waters have been penetrated by foreign submarines and other forms of underwater intruders with growing frequency over the past three years.

One night last week, a frogman was reported to have crawled up on to one of the islands, forming the protective ring around Karlskrona.

Several tons of depth charges, mines and shock explosives have been detonated over the last 26 days but without apparent success.

At night the Karlskrona sky has been lit up by flares and helicopter-borne flood-lights, dogs have been sent in to search the islands and still, the mysterious underwater intruders have eluded the Swedish forces.

The Soviet Union—number one suspect as the source for the underwater intrusions—has been quick to accuse Sweden in the Moscow press of "periscope mania" and "underwater hallucinations."

One Soviet Whisky class submarine ran aground on rocks close to Karlskrona in the autumn of 1981, but since then, the best that the military has come up with is mysterious, eerie photographs of tracks on the seabed—apparently made by some form of crawling mini-submarine, as well as the sightings of frogmen.

Each new hunt has shown the Swedish military that it is dealing with a form of intrusion whose sophistication they had hardly dreamt of even two years ago.

Vice-Admiral Per Rudberg, commander-in-chief of the Swedish Navy, admits that foreign underwater technology has developed very fast in recent years—"It's quite a system we have to fight"—while the Swedish capability for anti-submarine warfare had been run down virtually to zero.

"We are starting a very low grade of capability," he admitted in an interview with the Financial Times. "This is a function that has had a very low priority for some decades.

Six mine-hunter vessels equipped with high-frequency sonar have been ordered. Two coast corvettes with low-frequency sonar are also on order and the fleet of heavy helicopters equipped for anti-submarine warefare is being gradually increased from seven to 14.

At the same time, new incident wespons have been developed says Admiral Rudberg, aimed at puncturing a submarine to force it to the surface rather than to destroy it.

"We are still supposed to be at peace," or some form of inbetween situation," says Admiral Rudberg, "but as far as I know no one has ever succeeded in getting a submarine to surface in peacetime."

Norway sells Heimdal gas to European consortium

By Fay Gjester in Oslo

A CONTRACT worth NKr 45bn (£3.9bn) and covering the sale of gas from one of Norway's smaller offshore fields was signed in Stavanger at the weekend.

The deal covers about 31bn cubic metres of gas from the Heimdal field, on which the French oil company Elf Aquitaine is operator.

Buyers are a consortium of West German, French, Dutch and Belgian companies. Terms are the same as those agreed several years ago for the sale of gas from the much larger, Anglo-Norwegian Statfjord field.

The Statfjord gas sale agreement included an understanding that Heimdal gas would be purchased at the same price, but the contract for Heimdal was drawn up separately and has only now been finalised.

Heimdal is due to come on stream in summer 1986 and could reach its plateau production of 3bn cubic metres per year about 12 months later. This would give it a producing life of about 10 years.

Gas from the field will reach the Continent via Norway's new gas-gathering pipeline Statpipe which links up with the pipeline in Emden at another Norwegian sector field, Ekofisk.

Heimdal also contains about 19m barrels of condensates or natural gas liquids, which are to be exported to Cruden Bay in the UK, via the Brae field. The condensates will be sold together with BP's output and the Heimdal partners reimbursed by BP, according to the price obtained.

Partners on Heimdal, in addition to Elf, are the three Norwegian companies, Statoil, Norsk Hydro and Saga, the North American companies Marathon, Bow Valley and Sunningdale, and another French company, Total. Norway's Ugland shipping company has a tiny stake—0.169 per cent

● Norway's government has authorised Statoil to seek shares in the offshore petroleum licences which Holland is offering in its current licensing round—the fifth in the country's history. Statoil already has stakes in two Dutch fields, Logger and Kotter.

Oslo raises bank minimum reserve limit

By Our Oslo Correspondent

FOR THE second time in less than three months, Norway's authorities have raised the minimum reserve requirements for most of the country's banks. From January 1, requirements were increased from 4 to 5 per cent. Now, they have been boostted to 7 per cent. Banks in the northernmosst countries are exempt.

The move reflects official concern at the steep rise in bank lending since direct regulation was abolished from January 1. In January alone, the volume of bank loans grew by NKr 8bn (£700m). The Finance Ministry's target is that growth should not exceed NKr 15bn over 1984 as a whole.

Meanwhile, the Government has made a small concession to pleas from the opposition—and some of its own supporters—for a reduction in interest rates to stimulate economic activity.

It has announced a slightly lower rate on a forthcoming 17-year Treasury loan than was offered on the last similar issue floated in December.

Steel industrialist abducted in Italy

Kidnappers have taken Sig Pietro Fenotti, a steel industrialist, prisoner by dragging him from his car outside his home, police said, AP reports from Brescia. He is the fifth victim of kidnapping rings in Italy this year.

The kidnappers probably beat and drugged the industrialist to subdue him, police reported. Blood stains and a wad of cotton were found at the scene of the attack.

Sectional interests and government traditions may hamper new moves from Brussels

EEC flight of fancy over airline competition

Paul Cheeseright explains why an attempt by the European Commission to pursue an aviation policy may have difficulty getting off the ground

PASSENGERS want cheaper airfares; most governments want strict control over who flies in their skies; airlines appear to be fairly happy with the status quo. The chances of an EEC policy on air transport regulation gaining acceptance in an area of such competing claims does not seem high.

Yet the European Commission intends to try. It wants to try to satisfy demands for a more competitive and less expensive system within the EEC, but without disturbing the present basis of bilateral government and airline co-operative agreements.

Since only the UK and the Netherlands among the 10 are committed to liberalising air transport, any new policy will have to tread carefully on the rules governing the national flag carriers and EEC Governments have traditionally been relu;ctant to let the Commission accumulate powers in this area.

The airlines which would be immediately and chiefly affected by any changes are the major scheduled carriers—Aer Lingus, Air France, Alitalia, British Airways, British Caledonian, KLM, Lufthansa, Olympic Airways, Sabena, SAS and UTA. None of them are keen to see the Commission take any regulatory role in the industry either

In addidtion, the Commission faces the problem of the limits of its jurisdiction over air transport regulations. Air transport at present escapes the EEC competition regulations, where the Commission has direct power. The Commission can regulate the flow of state subsidies to the airlines, but does not want to use this power in isolation for fear of jeopardising the outlook for broader change.

Only with the agreement of the Council of Ministers can the competition rules be extended to cover air transport, opening up the way to control of subsidies. The new approach to the industry is thus couched in both transport and competition terms. It is sponsored by Mr Giorgios Contogeorgis and Mr Frans Andriessen, respectively the Commissioners for Transport and Competition.

It starts from the premise that no government will allow its flag carrier to go out of business because it cannot face competition. Thus deregulation on the U.S. pattern, introduced by President Jimmy Carter, has been ruled out as impractical and politically implausible.

Instead, modifications in the present pattern of regulation are sought to remove rigidity and to favour innovation:

● Where airlines operate together on one route in a pool arrangement, governments should not interfere to change the capacity in a way which guarantees an airline more than 25 per cent of the business.

● Fares would remain subject to government approval, but, if the two sides cannot agree, then the country originating change should be allowed to go ahead.

● Revenue pools between airlines would be permitted, provided their existence is related to improvements in service, and provided the amount transferred from one airline to another is never more than 1 per cent of the total poolable revenue.

● State subsidies to cover operating losses would be ruled out, but subsidies linked to restructuring a company in financial difficulties could be permissible—this is the pattern adopted for the steel industry.

● Where bilateral agreements between governments provide for services which are not being provided by national airlines, any other airline from either state should be able to fill the gap — but national carriers would have first refusal.

The quid pro quo for an agreement to change would be for the airlines to be granted an exemption from the competition rules, at least for a specified time.

Even with the modified system the Commission is proposing airlines would often still be in breach of Articles 85 and 86 of the Treaty of Rome which ban, for example, price fixing and the use of a dominant position in industry to prejudice the interests of consumers.

Passengers would find little immediate change in the way the airlines operate even if the measures, which will probably take two years to debate, are adopted as a package.

The failure of Transport Ministers over the years to define a common transport policy, as the Treaty of Rome demanded, demonstrates that change in this area is inevitably slow and usually minor.

"Over a period we would expect them to result in increased competitive pressure resulting in a tighter control by the airlines of their costs; and because of the relaxation of the system of government control and airline agreements, in the passing on of these savings to the consumer," says the Commission.

Certainly the consumer lobby will see the package as limited in scope. The Commission, on the other hand, believes that it is necessary to create some momentum for change and that this is impossible if proposals are too radical.

Although governments are starting to examine the proposals, past practice suggests that eight of the Ten will be very reserved in their attitude. Their caution will be stiffened by the effect of the recession on the major EEC airlines, of which 10 out of the 11 are thought to be failing to earn enough to cover their financial charges and need for new fleets.

U.S. decision to buy British aircraft disappoints Madrid

BY TOM BURNS IN MADRID

A U.S. decision to award a key defence contract for light transport aircraft to Short Brothers, builders of the Sherpa, in preference to the Avicar C212, manufactured by Spain's national aerospace company CASA, has prompted sharp disappointmen; in Madrid and calls for a curtailment in Spanish arms purchases in the U.S.

Government officials indicated yesterday that three major outstanding contracts for re-equipping the Spanish military with missiles, helicopters and tanks would now be weighted towards a "European option."

The missile contract worth \$2bn (£1.2bn) which is due to be awarded this month, involves competing options from the British Rapier, the French-German Roland and the U.S. Chaparral.

Sr Edwardo Serra, Spain's Secretary of State for Defence, said that by opting for the Sherpa the U.S. has "lost a magnificant opportunity to reduce the enormous imbalance in the arms market between Washington and Madrid."

The officials said that since the U.S. had decided against the C212, the onus was now on Spain to choose, as far as possible, against U.S. weaponry.

The Sherpa decision prompted an unusual weekend statement from the U.S. Embassy in Madrid aimed at softening the blow for Spain. It said that Washington "hoped there would be further opportunities for Spanish companies to compete in the U.S. defence field."

It was also understood that CASA would have access to studies in Washington which led to the decision to buy the Short Brothers aircraft.

Failure to secure the contract for the U.S. airforce European distribution system aircraft (EDSA) programme is a serious setback for the state-owned CASA company.

High hopes had been placed on the contract which was viewed as a crucial sales breakthrough just at the time when the Spanish company was launching a new light transport aircraft—the CN235.

Israel seeks to maintain contact with Gemayel

By Our Tel Aviv Correspondent

ISRAEL denounced Beirut's abrogation of the Lebanese troop withdrawal agreement yesterday as a surrender to *Syrian dictates but made clear* it wanted to maintain contracts with President Amin Gemayel's hard-pressd regime.

A statement issued by Prime Minister Yitzhak Shamir showed some understanding of the President's predicament, saying that violent action by Damascus had forced Beirut to scrap the accord.

He called it a death sentence for Lebanese sovereignty and said Beirut had proved it was incapable of preventing south Lebanon from again becoming a Palestinian guerrilla base. Israel would have to determine the best ways to ensure its security. If Beirut changed its mind, however, Prime Minister Shamir said he was ready to carry through the agreement. Western diplomats said the tone suggested Israel had not ruled out the possibility that President Gemayel might become a useful go-between in future negotiations with Damascus on Lebanon.

Several hours before the U.S.-sponsored agreement was scrapped, an Israeli Foreign Ministry official confirmed that contacts were under way with the Lebanese about post-abrogation relations. He described the contacts as "feelers" and said the Lebanese side had not been very specific.

Although the abrogation had long been expected it underlined for the overwhelming majority of Isrealis the futility of the June, 1982, invasion of Lebanon. Privately, officials acknowledged the Syrians had scored a clear victory and voiced concern it would deter other Arab states such as Jordan from negotiating with Israel.

"Araba moderates now know they must have the strength to withstand intense pressure to talk with us," on official said.

Israeli planes twice bombed a suspected Palestinian guerrilla base east of Beirut yesterday. The army said they succeeded in destroying a three-storey building in the town of Aley which had been a jumping-off point for guerrilla attacks on Israeli troops.

Japan unperturbed by yen's rise

BY JUREK MARTIN IN TOKYO

THE BANK of Japan believes that the foreign currency markets are "essentially stable" in spite of yesterday's very sharp rise in the value of the yen against the U.S. dollar.

Mr Takeshi Ohta, director of the central bank's foreign department, characterised the appreciation of the Japanese currency, which began in New York on Friday and was continued with a vengeance in Tokyo yesterday, as "a technical *correction of an oversold* yen and overbought dollar."

But he agreed that it was unlikely that the yen would fall back into the Y230-Y235 to the dollar range in which it has languished for several months in spite of both the dollar's surge against major European currencies and also its most recent weakness.

The yen closed in Tokyo yesterday at Y226.05 to the dollar, down Y7.21 from Friday's final quote. Not since the aftermath of President Jimmy Carter's dollar rescue package in November, 1978, had the Japanese currency moved by so much in a single day.

Spot turnover of $3.61bn (£2.44bn) was easily the heaviest on record, surpassing the $2.34bn of last October 6.

However, Mr Ohta noted that though Far Eastern traders, particularly from Hong Kong and Singapore, were quick to jump on to the yen bandwagon yesterday morning, forcing the currency up from its opening quote of Y229 to an intra-day high of Y225.20. Japanese importers countered by heavy buying of forward dollars.

Both Mr Ohta and market analysts suggested that the "technical correction" was both against the dollar and the D-mark. At the end of last October, when the DM was worth 2.60 to the dollar and the Y232-Y233, the yen-DM crossrate stood at Y89.

At the end of January, the DM had slipped to DM 2.84 to the dollar while the yen remained unchanged, producing a cross-rate of Y82. The 10 per cent appreciation of the DM against the dollar since then had brought the yen-DM rate back down to about Y90-Y91, an indication of the yen's cheapness, at a time when all the Japanese economic fundamentals, especially its growing trade and payments surpluses, were looking extremely strong.

Yesterday's movements have brought the yen-DM rate back to the Y87-Y88 range, which, Mr Ohta said, was more or less in line with market sentiment of an appropriate value.

S. Africa reform warning

BY BERNARD SIMON IN JOHANNESBURG

RECENT moves to defuse tensions in southern Africa will not succeed without accelerated race reforms inside South Africa, Mr Harry Oppenheimer, the mining magnate, told a meeting of the South African Institute of International Affairs in Cape Town yesterday.

Referring to last week's negotiations on a South Africa-Mozambique non-agrression pact and rising hopes that a Namibian settlement is within reach, Mr Oppenheimer said that "it is essential that accelerated internal reform should proceed on a parallel course with the process of external reconciliation. One without the other will eventually fail."

He warned against "euphoria" over the recent peace moves, although he saw some concrete progress.

Zimbabwe emigration up

BY TONY HAWKINS IN HARARE

EMIGRATION from Zimbabwe rose by more than 6 per cent last year to 19,067 people—the second largest such total in the country's history. This was only slightly less than the record outflow of 20,500 people in 1981.

Official figures published at the weekend show that more than 71,800 people have emigrated from Zimbabwe since independence four years ago. Most of the people are thought to have been whites but the figures do show that more than 4,400 people emigrated to Malawi.

As a result of this continued high rate of emigration the country's white population, estimated to have reached a peak of some 275,000 in the early 1970s, is now put at a maximum of 130,000.

Morocco gives tax break to farmers hit by drought

BY FRANCIS GHILES

MOROCCAN farmers worst hit by the past five years of intermittent drought would be exempt from paying taxes until the end of the century, King Hassan announced yesterday in a speech commemorating the 23rd anniversary of his coronation.

The king's decision, coming six weeks after the riots which claimed around 100 lives in the poorer rural north of the Kingdom, will be cheered by those *Moroccans* who live on the land and represent about 60 per cent of the country's 24m people.

The tax exemption measures will affect thousands of families but there is, as yet, no *final figure. In a report* completed just over two years ago, the World Bank suggested that as many as 46 per cent of the rural population fell below what the Bank called the absolute poverty level. The tax exemption measures may, according to government sources in Rabat, cost the kingdom's exchequer 10 per cent of its revenues this year.

Quite apart *from the drought*, which took a severe toll on the rural sector in 1979-81 and 1983, Moroccan agriculture suffers from the extreme fragmentation of holdings (75 per cent of farmers have farms of five hectares of less); the over investment in agro-industrial *sectors* which *has resulted* in excess capacity in such areas as sugar beet processing and milk pasteurisation; the far too easy access to credit that large landowners have; and the severe restrictions imposed on Moroccan citrus and early vegetable exports by the EEC which remains by far the largest purchaser of Moroccan produce.

The World Bank underlined to what extent agriculture had been a major factor since 1973 in the loss of dynamism of the Moroccan economy. The balance of trade in agricultural products which was in surplus until 1974 has shown a deficit since then.

King Hassan's latest move is a bold one but it will need to be backed by further reforms if it is to tackle the complex problems Moroccan agriculture *faces today.*

Evidence of chemical weapons mounts

A YOUNG Iranian soldier being treated for suspected chemical poisoning in a Stockholm hospital died yesterday, two days after being flown in for treatment.

Meanwhile the 10 Iranian soldiers under treatment in Vienna were said by doctors to have been injured by "chemical weapons," news agencies report from Stockholm and Vienna.

A spokesman for the Stockholm hospital said the cause of death was not known but that tests were being conducted. In Vienna, doctors refused to confirm official Iranian charges that chemical weapons had been used against them in the war with Iraq.

In Baghdad, Iraqi Major-General Hisham Sebah al Fakhri repeated Iraq's denials that it was using chemical weapons in its 3½-year war against Iran. He added that his forces were poised to launch an attack to try to regain the Majnoon Island oil area, occupied by Iran in recent fighting.

India to work with Soviets on defence

By John Elliott in New Delhi

A PLEDGE that defence co-operation between India and the Soviet Union will "continue to grow both in dimensions and in substance" was made in New Delhi yesterday by Mr R. Venkataraman, India's Defence Minister, on the first day of a visit by Marshall Dmitri Ustinov, his Soviet counterpart.

This reassurance that India will continue to rely on Moscow for defence equipment despite its increasing purchases from Western European countries was in tune with the mood of the day's meetings, when both countries pledged strong friendship and co-operation.

A meeting between Marshall Ustinov and Mrs Indira Gandhi, India's Prime Minister, lasted one-and-a-half hours, twice its allotted time.

Concern was expressed by both countries about U.S. arms supply to Pakistan and about tensions in the Indian Ocean, fuelling speculation that one of the major purposes of the visit is to discuss current regional conflicts in South Asia.

Wind of change wafts across Egyptian political scene

BY CHARLES RICHARDS IN CAIRO

THE WINDS of change are blowing strongly through Egypt's soporific party politics. If present trends continue, the elections for a new expanded Parliament planned for May 27 will be free and fair for the first time in 30 years.

Three decisions—two in the courts and one at the polls—have helped stir up democratic debate. Earlier this month a court decided that two *ancien regime* politicians would be allowed officially to head the New Wafd party; and in the new year a court decided that the party itself could resume its political activities.

With its two elder statement, Mr Fuad Serageddin and Mr Ibrahim Farag, reinstated, the New Wafd party in the most credible opposition to the Government.

The other landmark was of a Neo-Marxist candidate in a by-election in Alexandria. The significance is not that he won—Mr Abul Ezz El Hariri was a well-known and well-liked local man—but that the genuine result was allowed to stand.

Egyptians are accustomed to hearing of 99 per cent turnouts with huge pro-Government majorities. The result of the election in Alexandria's Moharren Bey district clearly demonstrated that this time the Government had not rigged the polls.

In both cases President Hosni Mubarak has been personally credited with supporting democratic practices and heralding a new era in post-revolutionary Egyptian life.

Mr Mubarak's commitment to democracy has not always been so evident. Since taking office *he has signed two new laws* which extend government control.

Smaller parties

One law governs the internal statutes of the politically active lawyers, syndicate, undermining its independence. The other changed the electoral system to a modified form of proportional representation. This excludes independents and discriminates against smaller parties, which need to obtain 8 per cent of the popular vote in order to gain any seats.

Popular expectations that Mr Mubarak's presidency would usher in change remain largely unfulfilled, with the exception of a relaxation of Press restrictions and his more sober style.

But after foundering in party politics in his early days, Mr Mubarak now seems to be asserting himself. For example, he is allowing young people to rise through the ranks by permitting no exceptions to the rule that *civil servants retire at 60.* A number of explanations for this apparent change have been put forward.

● He is undoubtedly a fair man, who does not acribe to himself a monopoly on ideas or policies. He may be seeking what always eluded the late President Anwar Sadat, a responsible opposition that would stimulate debate within his own lifeless party.

● Another theory, held by some in the opposition, is that Mr Mubarak is holding the elections to stage his own "corrective revolution"—a reference to Mr Sadat's purge of Naserite elements in 1971. He is vetting his party's list of candidates, and many expect that changes in the government after the elections will reflect a quietly manoeuvred palace coup.

● Free elections could also serve as a kind of safety valve *to relieve* mounting pressures for change. They will go some way towards countering the influence of Islamic radicals among the disaffected. (Much, though not all, of the Islamic *militancy Mr Sadat faced was* a religious expression of political grievances).

Politicians like Dr Mustapha Khalil, the former Prime Minister, warn that if the current "political vacuum" is not filled, the military might seize power.

This fear is likely to lead the Government to keep a tight rein on events during the election campaign: any unrest is likely to spark a fierce crackdown.

Although many people remain sceptical of the value of elections, since respect for a strong central authority is more ingrained than democratic practices, a *fair* number are adding their names to the electoral register for the first time.

The main challenge to the NPD is posed by the New Wafd, successor to the Nationalist Wafd party which dominated *Egyptian* politics from 1919 until President Nasser banned parties in 1953.

Any change

Most of the support for the New Wafd comes from those who want a change, any change, from the present regime. Its very lack of a specific programme fuelled expectations that it might act as an umbrella organisation for the four smaller opposition parties—the Left wing Nationalist Progressive Unionist Party, the Left of Centre Socialist Labour Party, the Right of Centre Socialist Liberal Party and the newly-formed Islamic Al-Umma Party, but they were swiftly rebuffed.

The New Wafd might win 30 per cent *of the* vote although Interior Ministry estimates are lower. Dismissed as a party of *corrupt has-beens* by the Government, the New Wafd appeals to those who remember the "good old days" of the 1950s under Wafdist rule.

The party's *greater* stress on constitutional liberties attracts city professionals, and traditionally the secularist *Wafd* can count on the vote of the Coptic Christian minority. One Wafdist deputy Mr Salah Abu Ismail, *has close links with the Muslem* Brotherhood, however, so the Coptic vote may not be assured.

The New Wafd supports close ties with the U.S. and opposes scrapping the peace treaty with Israel. Like the ruling party, it favours free enterprise but has not pronounced on whether or not it would dismantle the public sector.

As one *former* Minister put it: "You can either vote for maintaining the status quo, which no one wants, or for a party that looks more to the past than the future."

AMERICAN NEWS

End in sight to Beagle Channel dispute

By Jimmy Burns in Buenos Aires

ARGENTINA and Chile have made major progress in settling outstanding issues related to their longstanding dispute over the Beagle Channel. The two countries are likely to reach a final settlement by September following ratification of an agreement by the Argentine Parliament.

The latest round of talks over the Beagle have been conducted in the utmost secrecy since the two countries signed a joint declaration of peace in Rome on January 23.

According to high level Government sources, however, Argentina two weeks ago formally told Chile that it was prepared to give up its claims to all the disputed islands at the eastern end of the Beagle Channel, south of Tierra del Fuego. The islands are Chileon occupied Lennox, Picton and Nueva, and six more uninhabited islands between the three and Cape Horn.

Diplomatic sources described progress at the talks as a major departure in Argentine foreign policy which underlines President Raul Alfonsin's commitment to non-belligerence.

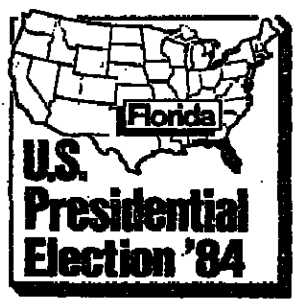
Argentine rejection of Chilean ownership of the islands, in defiance of a recommendation by an international arbitration committee, brought both countries to the brink of war in late 1978. Confrontation was narrowly averted by a last minute intervention by the Vatican.

According to a draft agreement being elaborated by both sides, Chile will get 12 miles of territorial waters around the disputed islands on the Atlantic, beyond which the sea would be under Argentine jurisdiction with only restricted zones open to Chilean exploitation. This arrangement would replace the Vatican's original suggestion of shared maritime territorial waters in the Atlantic.

Both sides believe that such a compromise would make final agreement more acceptable to Argentine domestic opinion at a time when Sr Alfonsin is already risking considerable criticism from hard line nationalist sectors over his more reconciliatory line on the Falklands.

Nancy Dunne in Miami sees how some carefully-prepared political groundwork could come to nothing

Hope turns into fear for Mondale campaigners



FLORIDA, a tropical peninsula of sand and swamp, is politically a no-man's land. Its 3m Democrats, outnumbering Republicans two to one, elect moderate Democratic governors and help to elect Republican presidents.

Since the early 1960s, the political landscape of the once traditionally conservative southern state has been transformed by three classes of settlers: the industrious, extremely patriotic Cubans, vehement anti-Communists, who fled the Castro regime; the politically independent professionals who came to work in the space and high technology industries: and those who have retired to the sun, who vote in the greatest numbers and work hardest for their candidates.

Into this unpredictable collection of differing interests Mr Walter Mondale arrived over the weekend, seeking to fashion a primary victory to break the momentum of his hottest new rival, the "candidate of new ideas," Senator Gary Hart of Colorado.

Florida has 84 delegates to the Democratic convention which chooses the presidential candidate. This is the largest chunk of votes up for grabs on March 13—"Super Tuesday"—when in six primaries and five caucuses Democrats will choose one eighth of the delegates to the San Francisco convention in July.

Florida represents Mr Mondale's best hope for recovery from the recent blows inflicted in New Hampshire and Maine by Mr Hart. His supporters have out-organised and out-spent all contenders in the state, and, if organisation matters anywhere it is here.

Complicating the already muddled outlook in the contest is a balloting system which was specially designed to help elect Mr Reubin Askew, the former Florida governor, who dropped out of the Presidential race last week. The ballot has two sections: one with the names of the Presidential hopefuls and the other, far more important section which contains lists of delegates, each pledged to back a particular Presidential candidate.

The would-be delegates are locally well-known, often politicians with their own campaign funding. Mr Mondale has fielded a full slate of 84 delegates as did Governor Askew. Mr Hart, who has had meagre resources to devote to the state, has managed a slate of only 34 backers.

Mr Mondale, Mr Hart, and the other two candidates Mr John Glenn and Mr Jesse Jackson are now battling for the support of Mr Askew's delegates, whose names read like a Who's Who of Florida politics.

If a win in Florida is important to Mr Mondale, it is also vital to organised labour, which has backed fully his candidacy and felt his loss as heavily as he did in New Hampshire. At a weekend political rally in Miami Mr Gerald McEntee, international president of the American Federation of State, County and Municipal Employees, told 3,000 Mondale supporters, that "organised labour's credibility is on the line."

"The corporations are out to break the unions and they've got Reagan's White House behind them," he said. "We've got to stop them."

In an unusually emotional speech, Mr Mondale joined battle rather than standing aloof as he had before the New Hampshire primary. He linked Senator Hart with President Reagan, charging that both lacked concern for working people.

Senator Gary Hart, evoking nostalgia for the Kennedy era, is welcomed to Maine, where he scored another victory over Mr Mondale

"The question is not whether an idea is old or new but whether it right or wrong," he said. "Reaganomics was a new idea, and it was as lousy as can be."

While the labour vote and the pensioners favour Mr Mondale, his candidacy has potential weakspots. Only 10 per cent of the workers in Florida are unionised.

The Rev Jesse Jackson has led a strong campaign effort here, and his gains among blacks are reckoned to be Mondale losses. Blacks represent 17 per cent of the Democratic vote, and Jackson workers have been signing up new voters in droves.

The charismatic minister holds his supporters entranced with revivalist-style oratory reminiscent of Dr Martin Luther King. "You have the power to choose peace over war, jobs over jails, the human race over the nuclear race," he chants.

The controversy over his remarks about Jews, which were considered as derogatory, has limited his support among transplanted Northern liberals, but he is still hoping to win up to 90 per cent of the black vote and up to 12 per cent of the whites.

Senator Glenn though fading fast elsewhere, is thought to have strength in northern and central Florida among the professionals who work near Cape Canaverel. His state compaign manager says that the "Mondale myth was blown away in New Hampshire," giving the Glenn candidacy new life among more conservative voters in the South.

But the main threat to Mr Mondale's strength is a growing excitement and curiosity among his traditional supporters about Senator Hart.

Senator Hart's victory in the main caucuses at the weekend over Mr Mondale is likely to fuel this interest.

Hart campaign managers have said they will now devote some funds to Florida, but only a week remains to catch up on Mr Mondale's years of effort. In Senator Hart's favour is his youthful appearance which reawakens nostalgia in Democrats for the Kennedy era.

"I saw him on television when he got off the plane here," said one pensioner. "His hair was blowing and he looked just like JFK. It gave me a thrill."

De Lorean trial set to begin in Los Angeles

By Louise Kehoe in San Francisco

THE TRIAL of John De Lorean, the millionaire entrepreneur, who is alleged to have purchased $24m worth of cocaine in a vain attempt to save his ailing Belfast automobile company from collapse, was scheduled to begin in Los Angeles yesterday, 16 months after his arrest. Lawyers from both sides will meet today to begin selecting a 12-person jury from a pool of 200 people.

As with every other aspect of this case, however, the jury selection could become an unusally complex affair. The planned procedure is to ask all prospective jurors to fill in a lengthy questionnaire to determine their ability to judge the merits of the case fairly.

According to Mr De Lorean's defence lawyers, the questionnaire contains no less than 100 queries, most of them multiple choice items with a few "essay length" questions. This novel approach to jury selection is designed to speed up the procedure which otherwise might have taken a month or longer, the lawyers suggest.

Among the issues believed to be covered by the De Lorean questionnaire concern pre-trial publicity. Video tapes of Mr De Lorean's arrest were broadcast by CBS News, and more extensively by a Los Angeles TV station last year. Finding individuals who can claim to have an open mind about the De Lorean case will be made extremely difficult by this extraordinary display of key evidence.

Prosecutors in the case have said that videotapes displaying Mr De Lorean's meetings with undercover FBI agents will constitute 90 per cent of their evidence against him. Mr De Lorean's defence lawyers are, however, expected to claim that he was a victim of entrapment.

The trial could last up to four months and if convicted of all nine charges against him, Mr De Lorean could be sentenced to 87 years in prison and fined $220,000.

Democrats step up attacks on failure to curb deficits

BY STEWART FLEMING IN WASHINGTON

DEMOCRATIC Party leaders have stepped up their attacks on what they see as President Ronald Reagan's failure to show leadership in seeking ways to reduce federal budget deficits currently running at around $200bn a year.

Yesterday Mr Dan Rostenkowski, the head of the House Ways and Means Committee, the key committee in the House for preparing tax legislation called on the President to join Congress in efforts to reduce the budget.

Mr Jim Wright, the Democratic House majority leader, also criticised Mr Reagan for resisting Democratic proposals for tackling the budget deficit. Commenting on the bi-partisan deficit reduction "downpayment" talks which President Reagan initiated but which now seem stalled, Mr Wright said Congress will try to attack the deficit problems separately from the bi-partisan negotiations and aim for cuts of more than the $100bn over three years

Democrats in the congressional Joint Economic Committee have called for a $200bn three year deficit reduction package.

UAW meets to hammer out pay strategy

BY TERRY DODSWORTH IN NEW YORK

MR OWN BIEBER, President of the United Auto Workers of the U.S. (UAW), will address 2,5'00 union delegates today in a keynote conference speech in which he is expected to sketch out his bargaining strategy for this summer's wage negotiations at General Motors and Ford.

The speech, to be delivered at a three-day meeting in Detroit, marks a crucial test for a largely untried leader who is now trying to lay his stamp on the UAW at a time when the U.S. union movement in general is in retreat. Mr Bieber's handling of both the internal factions within the UAW and of the forthcoming contract negotiations could be an important pointer to the continuing strength of the U.S. unions.

Though the autoworkers have an opportunity to reassert themselves because of record profits earned by U.S. motor manufacturers last year, there is some union disagreement as to how it should go about pressing home this advantage.

The arguments go back to the unprecedented past-war revision of the autoworkers' labour contract in 1982, when the motor groups were losing money at a record rate. To help stem the losses, the union agreed to break into the three year agreement, temporarily dropping the cost of living adjustment, and completely abandoning the automatic 3 per cent "annual improvement factor" — an escalator which was built into the contracts in 1955 as recompense for union agreement to drop annual negotiations.

In return for the 1982 concessions, both GM and Ford went over to profit-sharing schemes which yielded between $400 and $600 per worker for the 1983 financial year. As a result, one of the questions to be resolved at the conference will be whether to retain this new system—which the companies now support after many years of antagonism—or to go back to the old style of wage contracts.

Some members of the UAW, particularly the union leadership at General Motors, have shown strong support for profit-sharing as part of the more participatory style of management now emerging with the support of both sides in Detroit. But other unionists would like to go back to the traditional methods, and point to the enormous profits of the motor companies last year as evidence that the workforce has conceded too much.

WORLD TRADE NEWS

Hyundai to press on with Iraqi power plant

By Ann Charters in Seoul

HYUNDAI Engineering and Construction of South Korea is planning a $766m project to build a power generating project in Iraq. The company says, however, that its plans are contingent on arranging the finance for the equipment and materials portion of the project which will total some $400m.

Mr C. K. Shin, Hyundai's executive vice-president, indicated that the company had received a conditional letter of intent from Iraq to organise and fund the project. The letter, delivered last year, specifies no deadline, but Hyundai says it wants to conclude the deal soon.

Hyundai's plans are complicated by lack of a decision from the U.S. Export-Import Bank on financing part of a $150m portion of the deal allocated to Westinghouse Electric, which has been chosen to supply the turbine engine generator and other equipment.

The other participant, NEI Parsons of the UK, is to supply some £150m in equipment. Financing for NEI's portion is already secured as part of the British ECGD's £250m protocol for Iraq established last year, says Hyundai.

The Korean Export Import Bank has still to give formal approval on financing the roughly $120m in equipment Hyundai is to supply, although the company expects no difficulty in obtaining the approval.

Iraq has now agreed to pay Hyundai the remaining balance of $366m in cash, not in crude oil, as the civil installation work progresses during the construction.

The power plant is to be located 70 miles southwest of Baghdad far from the front lines in the Iran-Iraq war, the company said.

Kuwait arms talks

M CHARLES HERNU, the French Defence Minister, and Sheikh Salem al-Sabah, the Kuwaiti Defence Minister, today discussed the possible purchase by Kuwait of French weapons to "update and reinforce the capabilities of the Kuwaiti army," Sheikh Salem said, Reuter reports from Kuwait.

Hugh O'Shaughnessy reports on the halving of the Latin American market for Scotch

Scotch whisky sales lose their Latin lustre

"A FEW years ago we were selling not just to the As and Bs but also to the Cs in Venezuelan society. Now the Cs and some of the Bs are going for the local rum. I can't see the picture improving this year."

Mr James Aikroyd of James Buchanan and Co, the subsidiary of Distillers Company of the UK which produces Black and White Scotch whisky, was speaking somberly about the Bs and Cs, who in marketing terminology are at the middle and lower end of the personal income scale and to whom Scotch is a valuable status symbol. The As, naturally, are at the top.

In 1981 the Latin Americans bought around £100m worth of scotch. Last year sales barely reached half that figure as economic crisis in the region prouced a scarcity of foreign exchange and imports were cut.

"I gather the Brazilians are calling scotch 'superflous,' says Mr Aikroyd, more than a trifle huffily. The sales débâcle in Latin America is the most serious crisis to befall Scotch exporters in recent years. In Venezuela, sales in 1981 totalled £38m; last year they were down to no more than £22.6m. Scotch drinking was once so much a part of Venezuelan social life I have found it impossible to order a glass of gin or rum at a reception in the Presidential palace.

Whisky is still flowing in Venezuela because distributors laid in large stocks in anticipation of a squeeze, but the price differential between whisky and local spirits is creeping up from four to one to eight to one.

A similar story is to be found in Paraguay. In 1981, admittedly an exceptionally good year for Scotch imports, the 3m Paraguayans bought £15.1m worth of Scotch, a great deal of which seeped illegally over the border into neighbouring countries. Last year Paraguay bought less than £4.8m worth. Even the smugglers, it seems, had run out of cash.

Mexico and Ecuador, which in 1981 spent £8m and £3.7m respectively on scotch are both now down to £400,000 worth each.

Producers of de luxe whiskies are reluctant to shave their prices lest their product be seen to lose its cachet, and because some exporters feel there is little benefit in cutting prices when the problem is a shortage of foreign exchange rather than price resistance.

Latin America's financial difficulties have offered something of an opportunity nevertheless to the exporters of bulk whiskies, malts, grains and blends. They are being bought by liquor producers to mix with locally produced cereal of molasses based spirits to produce brands such as Argentina's "Old Smuggler."

Despite the strained relations between Britain and Argentina because of the Falklands war, the Argentines last year bought £1.7m worth of scotch whisky, much of it for mixing. Last year's figure was well down on the £7.3m imported in 1981 but was nevertheless four times larger than the quantity bought by Mexico or Ecuador.

Some companies within the Scotch Whisky Association including Distillers, feel that exporting bulk malt is tantamount to selling the industry's birthright.

On the other hand others say that trade is trade and that distilleries might have to close if it were not for bulk malt sales. Getting people to start liking whisky, even such brands as Old Smuggler, means that one day they will want to buy real scotch, they say.

[illegible] scrabbling for orders are now paying more attention to direct sales to the Latin American military. In a number of countries the generals have a franchise to import scotch duty-free.

It is not clear whether such concessions are to improve troops' morale or to provide an income supplement for the generals who can resell the scotch on the domestic markets at a higher price.

In Puerto Rico, the U.S. self-governing colony in the Caribbean, a brisk trade is done in scotch at PXs, shops on military bases which can also be frequented by virtually any U.S. ex-servicemen.

While awaiting an upturn in Latin America, the producers are spending hard on publicity so that their brands will not be forgotten.

For the moment, however, the scotch exporters have little alternative but to pray for an oil price rise, which would put some sparkle back into the eyes of the Venezuelans, the world's most assiduous scotch drinkers.

$148m loan raised for Oman hospital

By Our Trade Staff

THE GOVERNMENT of Oman has raised a $148m loan towards the cost of a 500-bed hospital being built by George Wimpey International in the Ghubrah region of the sultanate.

The British Export Credits Guarantee Department (ECGD) said yesterday it was guaranteeing the loan, raised by a bank syndicate led by Morgan Grenfell, the London merchant bank.

Awarded in July last year, the hospital was then expected to cost £147m ($217m at current exchange rates), Wimpey said yesterday.

Due for completion in three years' time, the hospital will contain six operating theatres, renal and X-ray departments, a postgraduate centre, hostels and other accommodation.

● Meanwhile the ECGD has now passed over information relating to Cementation's £300m contract to build the Sultan Qaboos University in Oman to the House of Commons Public Accounts Committee.

The documents were demanded by Labour MPs trying to establish the involvement in that deal of Mr Mark Thatcher, son of the British Prime Minister.

Mr Thatcher has admitted his involvement, but the Labour Opposition is still demanding from the Prime Minister a full explanation of what it sees as a conflict of public and private interests.

Daihatsu venture

DAIHATSU MOTOR of Japan is to establish a car engine manufacturing venture in Indonesia with P. T. Astra International of Indonesia and Nichimen of Japan, AP-DJ reports from Tokyo. The new company will produce 3,000 engines a month for Daihatsu's small trucks being produced by P. T. Gaya Motor of Indonesia.

Soviet-Malta accord

The Soviet Union and Malta have agreed to exchange business believed to be worth $260m between this year and 1986, Godfrey Grima writes from Valletta. According to an agreement signed in Moscow with the Maltese Industries Minister Mr Carmel Vella, the Soviet Union will sell Malta approximately 100,000 tonnes of crude, cars and 10,000 tonnes of coal during the three year period.

South Korea and Britain sign air agreement

SEOUL—Britain and South Korea signed an agreement yesterday to provide direct air links between the two countries, Foreign Ministry officials said.

The pact, signed by Mr Paul Channon, Britain's Trade Minister, and Korean Foreign Minister Lee Won-kyung, enables British Airways and Korean Air Lines to operate routes between the two countries. There are no direct airline services between London and Seoul at present.

Mr Channon, who arrived on Sunday for a six-day visit, is due to attend a signing ceremony tomorrow for an agreement for Davy McKee of Britain to supply a blast furnace to the state-run Pohang Iron and Steel Company.

He will also tour South Korean shipyards, electronic, computer and machine-making plants and the Panmunjom armistice village on the border with North Korea.

Reuter

India likely to order UK schools computer

BY JOHN ELLIOTT IN NEW DELHI

BRITAIN'S "Micros in Schools" computer teaching programme is likely to become the basis of a $3m pilot project being organised by India's Departments of Electronics and Education.

Acorn of the UK is expected to receive an order for immediate delivery of 500 computers and ancillary equipment for installation this summer in 250 schools for use by 12,500 15-16 year old students.

The Indian Government will also be buying UK software and teaching programmes which have been developed in conjunction with the BBC and the Open University and other organisations under the UK's Industry Department's programme for computer education in primary and secondary schools.

Although about one half of the schools in some Indian states have neither blackboards nor playgrounds, the Department of Electronics in Delhi believes it is essential to start computer education in the country as quickly as possible. It wants to instal the equipment in 250,000 of India's 650,000 schools by the end of the decade. This is one of a number of major computer developments now taking place in India as part of rapid and ambitious expansion plans for the electronics industry.

The Department of Electronics wants an overall investment in the industry of $2bn over the next five years so that by 1990 India would be producing $10bn of electronics goods a year of which a quarter would be computers and allied equipment.

Current policy is initially to import a limited amount of equipment and know-how so that within a year or two India can start local assembly and then production.

The plan now being finalised to import the Acorn equipment and British know-how follows a recent evaluation of six companies' products including Sinclair of the UK and other companies in the U.S., France and Japan. Indigenous design, assembly and manufacturing would follow for the bulk of the 250,000 school programme.

Queen Elizabeth presented 30 Acorn computers to President Zail Singh when she visited India last November. In January the computer education co-operation agreement was signed between the two countries, promising UK advice and aid, and last month Mrs Sheila Kaul, India's Education Minister visited the UK to study the British programme.

Genius to erect radio telescope in Hawaii

By Walter Ellis in Amsterdam

"RAMP up my genius, be not retrograde," urged Samuel Johnson in "The Poetaster." And so it is to prove. Genius, an Anglo-Dutch precision instruments company, with two factories in The Netherlands, plans to erect the world's largest precision radio telescope on the summit of the inactive Mauna Kea volcano, 13,500 ft above Hawaii.

An order for the telescope, worth Fl 4m (£1m) has been placed with Genius by the British Science and Engineering Council and The Netherlands Organisation for Pure Scientific Research.

Some 80 per cent of funds for the new project will be British, but the telescope will be built in Holland.

● Fokker, the Dutch aerospace group, has won an order for two F-28 jetliners from Satena, the Colombian state airline. Fokker had not secured a contract from Colombia since 1969 and sees the breakthrough as potentially important.

Dutch seek Central American dredging work

THE DUTCH construction and dredging firm Volker Stevin is hoping to pick up some big new dredging contracts in Central America, writes Tim Coone in Managua. It is close to finishing a $5m contract at the Nicaraguan port of Corinto, financed by a soft loan from the Dutch Government.

With equipment now on hand in Central America it hopes to bid competitively for other upcoming dredging contracts in Nicaragua and Costa Rica.

Mr Andres Olijslager, the general manager of the Corinto dredging project, said that half of the project costs were taken up in bringing two dredgers to Central America from Venezuela and Nigeria.

Corinto port suffered considerable damage during Hurricane Alleta in May 1982 and the present work involves re-dredging the access canal to the port and using the material removed to replenish the foreshore protecting the nearby town.

However, it is only a three-to-five years stopgap: a study is now underway, with Dutch help, to provide permanent protection for the port.

TECHNOLOGY

EDITED BY ALAN CANE

EXPLOITATION OF RESEARCH

Why STC needs better R & D

BY DAVID FISHLOCK, SCIENCE EDITOR

COMPANIES, normally, either declare their intention of spending more on research and development or of making their R and D operation more efficient, but rarely both at once.

STC has announced that it spent 40 per cent more on R and D last year, while the declared aim of its chairman, Sir Kenneth Corfield, is to exploit STC R and D more efficiently.

Sir Kenneth's chosen agent for this role is Dr Simon Willder, recruited this month from Plessey. Dr Willder has just become managing director of STC Technology Ltd., the four units of which accounted for £53.3m of R and D expenditure last year (compared with £37.5m in 1982).

Dr Willder reports to Sir Kenneth directly. His group employs about 1,500—mainly engineers and scientists—and operates as an STC profit centre. STC Technology sells itself both to the company and to outside agencies such as the government and British Telecom, and to parts of STC's major shareholder, ITT.

Sir Kenneth has made no secret of the fact that he believes Britain is failing to exploit its technology to the full. Properly exploited, information technology can mean more jobs, not fewer, he claims. STC Technology is no exception.

Dr Willder's job is simply to get more mileage for STC from its expanding R and D investment, both in the shorter and the longer term. He brings to the job a technical background that began in nuclear physics at Oxford, where he earned his PhD developing an automated system for "reading" the intricate photographs taken by bubble chambers of sub-atomic collisions. That instrument is now widely used in physics laboratories. His mentor was Peter Davy, the Oxford research engineer who has developed one of the world's most intelligent factory robots, and now plans to exploit it commercially.

Dr Simon Willder, previously with Plessey, takes over the reins at STC Technology.

Subsequently Dr Willder spent 13 years with Plessey, involved with a further six high-technology systems, from military radar to System X. His last post was as Plessey's director of engineering and digital switching.

His brief from Sir Kenneth has three parts, he says. First, he must ask whether there is technology already in the STC cupboard which can be shaped into new products and systems.

Mainly this means scouring the Standard Telecommunications Laboratories at Harlow, one of the UK's major electronics research centres, and formerly the main European research centre of ITT before STC was floated at the end of 1982. From STL Technology has come such innovations as pulse code modulation and the optical fibre cable.

Today, STL with over 1,000 staff is the corporate R and D centre of STC and the bedrock of STC Technology Limited. It takes about half the R and D budget.

But two smaller parts of his empire, at Stevenage, have innovation of their own to offer: STC IDEC, the group's telecommunications development centre and software systems house; and the New Product Development Unit (which he admits is badly in need of a more fashionable name).

The fourth and smallest part of his technology empire is the Automation Unit at Foots Cray, employing only 60, but with a well-defined role of developing automated manufacturing systems for the product division. STC made capital investments of £60m last year.

The second part of Dr Willder's brief from his chairman is to scour the universities for people with ideas and talents of interest to STC; especially those with the potential for making what he calls a "practical exploiter." He says he is prepared to talk about joint ventures, with dons, and about financing such ventures "to give people from universities, who wish to exploit their ideas, the opportunity."

The third part of his brief is to keep the rest of STC — a group with a turnover of £920m last year, employing over 28,000 — fed with new technology and innovative ideas. Often in the past the laboratories were engaged on work for some other part of the ITT group. Their sights must be refocused on STC needs. They need a new market and a new "product champion" and it is his job to find them, Dr Willder says.

But STC has not severed technological links with its former U.S. parent. Under the "general relations" agreement, information from STL is still available to ITT, and STC has access to ITT's research centres.

Custodian of the general relations agreement, as it applies to technology, is Dr Jack Shields, STC's technical director and a main board member. Dr Shields has the entre to every product division. "He looks upon me as the operator of the technology business," Dr Willder says.

DATA COMMUNICATIONS

Micom-Borer sets up factory in UK

MICOM-BORER, the UK subsidiary of Micom, a U.S.-based supplier of data communications equipment, has spent £1m to establish its own manufacturing plant in the UK.

Some 30 new jobs have been created at its new factory on a three acre site in Swindon. The automated plant employs 50 people altogether. The company has a contract with British Telecom worth about £3m for the supply of high speed modems, devices which enable computers to talk to each other over telephone lines.

Micom is one of the fastest growing U.S. data communications suppliers with an average annual growth rate over the past few years of 93 per cent.

It turned over $94.3m in 1983 and expects to reach $130m this year. It has a sound record of profitability. Mr Roger Evans, Micom president, said last week: "We are the most valuable data communications company from a Stock Market point of view." It took over Borer Communications, a small British modem supplier, three years ago. Until the opening of the new facility, Micom-Borer products were manufactured in the UK by sub-contractors.

Yesterday it announced a low cost protocol converter for the IBM marketplace, a device which allows computer terminals and personal computers from a range of manufacturers to communicate with an IBM mainframe. The converter costs from £1275 to £3650. "We are opening the IBM world to everyone at a price they can afford," Mr Evans said. It is expected the converter will eventually be manufactured in the Swindon factory.

Electronic images move into print

Video & Film

By JOHN CHITTOCK

THE TECHNOLOGY of video and the craft of graphics have been converging for some years now. Developments in the last 18 months have greatly quickened. Video has now entered the Gutenberg age of movable type—where the components of images and graphic design can be created on a television screen, stored on videotape or computer discs, and manipulated instantly in shape, dimension, colour or movement to a remarkable degree.

The technology enabling all this is not new, and has at least some of its roots in the pioneering work of computer animation carried out in this country by cartoon film-makers such as John Hales and Stan Hayward, and other remarkable computer animation work in the U.S. by Bell Laboratories.

Now that almost anything can be done at the touch of a key, however, and to standards of remarkably high quality, the applications are beginning to proliferate and a cultural change is in the wind.

When publisher Robert Maxwell announces a new project bringing the technology of video and printing together—as happened last week—the cultural change assumes a commercial significance that must be taken seriously.

Last week's announcement concerns the introduction of a service to transfer single television or videotape pictures on to photographic film. There is nothing particularly new about that either but BPCC already plans to eliminate the intermediate transfer to photographic film, converting the video images (as still pictures) directly on to electronically-produced printing plates ready for production runs on old-fashioned paper.

The technology which makes this possible is based on the Japanese Dai Nippon Video Printing System (VPS), for which BPCC has taken an exclusive UK licence. The video signals of the television picture are converted to digital form first, and the VPS equipment processes the standard 625 line images and upgrades it—by interpolating extra lines derived from the basic picture—up to 2,050 lines. The system also provides colour grading control and some image enhancement using computer techniques.

The up-graded video picture is transferred to photographic colour film (as a transparency, or it can be a paper print, even an instant Polaroid print) by means of a flying spot scanner.

The implications of this may be unexpected, extending beyond the printing works and into the design studio. The television screen is replacing the brush for some graphic designers for example, in some of the video companies which now specialise in electronic titling for TV commercials.

Electric Image is run by Paul Docherty and Ian Bird, both graphic designers who work via video computer equipment to produce the spinning, three dimensional, gyrating title displays now commonplace on television.

Electric Image, like other companies in this field, does not rely upon cameras, Letraset or airbrushes. The typefaces, the colour, even the shadows cast by revolving shapes, are all generated electronically. Docherty tells how an original electronic graphic design so pleased a client that it was decided to use it in larger form as a poster. But, of course, it did not exist as an original piece of artwork—and a photograph taken off the screen would not stand enlargement to poster proportions; so an air brush artist then had to copy it.

Come in Robert Maxwell, perhaps, because these two systems might each have something to offer one another. BPCC Video Graphics is in fact in the same building as Molinaire, one of Europe's largest video facilities; and Molinaire is likewise deep in the business of video titling, using electronic methods. The proximity of the two companies is no coincidence—Molinaire provide the videotape facilities, which are then fed by fibre optics to BPCC's equipment 140 yards away.

No doubt there will be some synergy in this interesting media mix, although Mr Maxwell declined to elaborate on the relationship with Molinaire, who recently have been through major business upheavals. Mr Maxwell offered only a grin and "let's say we're just good friends."

But if BPCC and others in the printing business are trying to integrate video technology with traditional print, there are others who are trying to use video to dispose of printing altogether. The threat comes notably in the shape of the video disc, with its capacity to display 55,000 colour stills of high quality on one 12 inch disc.

Until now such gee-whizz capabilities have not made a jot or pica of commercial difference to traditional print. But a new London company, Mediadisc, has just introduced a service which sweeps print aside completely.

Mediadisc are supplying leading advertising agencies with Philips LaserVision optical disc players—without charge—and 160 players have already been installed. Each agency will receive a free video disc every month which uses the 55,000 "page" capacity as a comprehensive reference source for media buyers—competitive with paper volumes such as BRAD, and rendering obsolete the bulky and expensive "media packs" supplied to agencies by magazines, newspapers and broadcasters.

Each disc contains advertisement "pages" adjacent to the editorial "pages," and there is of course room for moving pictures. The flip side of each disc will later carry a magazine programme aimed at the marketing world, sponsored or supported by advertising.

Cost of the discs can be competitive with elaborate media packs, and of course the disc offers greater flexibility in its ability to carry motion pictures, indexing and instant retrieval by keypad. And all those bulky media packs cluttering up the offices of media buyers are replaced by thin silver discs. Needless to say, Mediadisc's pages of text are generated electronically.

These developments are producing a new generation of media professional, part graphics designer, computer-expert, electronics engineer, filmmaker and video freak. They speak a different language—even get excited about different things on the screen. For traditionalists in the film, television and media businesses, it is a cultural shock which some may find impossible to survive. For the printing industry, it could be a re-run of the Gutenberg story all over again.

Telephones

Cost monitor

A NEW offering from Callog, the telephone call cost monitoring company, allows a professional such as a solicitor or agent automatically to allocate the calls he makes on a client's behalf to the client's account.

The standard Callog service provides a comprehensive report of all the phone calls made from an extension in terms of duration, time of day, number dialled and the actual cost of each call, together with an end of page summary of the total telephone bill.

The new "client accounting system" takes the process one step further. Any call made on behalf of a client is allocated by simply dialling in a client code before the receiver is replaced. Then, at the end of each month, Callog provides the subscriber with a report detailing all the specific client calls and the extensions which made them. More on 01-730 9056.

CAD

Plastics moulds

A BRITISH company says that it has solved the problem of dealing with asbestos waste. After two years of research, KTG (King, Taudevin and Gregson) has devised a process which turns asbestos into a harmless glass substance.

KTG has formed a new company called Vitrifix to market the process worldwide. The process may be slightly cheaper than present methods of disposal which are basically burying the waste. The principle of the process is to mix asbestos with additives including glass waste and feed into a furnace. KTG says that asbestos is rendered harmless if heated to more than 900°C. All the asbestos is absorbed into the glass structure and rendered harmless.

UK NEWS

Whitehall optimistic on state spending outlook

BY ROBIN PAULEY, ECONOMICS STAFF

THE GOVERNMENT'S Green Paper (discussion document) on public spending in the next decade, which will be published on budget day next Tuesday, shows a more optimistic picture than previous government studies of the long-term outlook.

The 80-clause paper outlines in detail the possible courses of public spending until 1994. This would more or less coincide with the end of the Government's third term of office, if it were to be re-elected at the next general election.

The paper, officially designated "very green," is based on a range of different possibilities for economic growth in the next 10 years, ranging from 1 to 1½ per cent to more than the 3 to 4 per cent being predicted for this year and next.

The main thrust of the paper's optimism about the lack of problems in funding public spending services – notably the health service and the welfare state – for the next 10 years is based on an assumption of growth of about 2 per cent a year in gross domestic product.

The Green Paper claims that public expenditure is now constrained and under control. No further cuts are needed. All that is necessary is to maintain public spending at its present level. This means that as growth continues, public spending will consistently fall as a proportion of gross domestic product (GDP), as the Government's strategy intends.

Public spending, the Green Paper says, can therefore continue to provide present service levels without the need for tax increases, provided the economy achieves at least 2 per cent growth. Higher growth tends to reduce public spending by, for example, cutting the number of unemployed. Room for tax cuts would depend, however, on continuing tight control of spending.

The paper gives details about the demographic changes which are likely up to 1994. The most notable is the falling school population, which eases pressures on education spending, and reduces the number of school leavers in search of work.

In addition, although the number of people over 75 is likely to keep rising, the number of pensionable age will fall as a result of the relatively low birth rates during the 1920s and 1930s.

The paper does not dwell on the impact of the Government's asset sales, which are expected to raise about £2bn a year for at least the next five years. But it does consider oil production and revenues.

Spending targets 'likely to be missed', Page 10

Weather blamed as retail sales fall

SPENDING in shops fell sharply in January, according to the latest official estimates out yesterday, but this is taken to reflect bad weather rather than a reversal of the recent buoyant trend.

Figures from the Department of Trade and Industry showed that the volume of retail sales in January was about 3 per cent below the level in December after adjusting for the normal seasonal change. However, the January total was still 2½ per cent higher than a year earlier.

The latest figures are based on new weightings for different parts of the retailing sector with 1980 = 100 instead of the former base of 1978. The new series shows the volume of retail sales in January as 107.7, about the same as the average level in 1983.

Revised estimates on the new base have suggested that the growth of retail sales in the three years to 1983 was 1½ per cent less than the previous figure of 9½ per cent.

Separate figures from the Department show that the amount of new consumer credit advanced by finance houses and other specialist institutions in January was £965m, slightly less than the December record.

● APPLE COMPUTER (UK) has given an assurance to the Office of Fair Trading (OFT) that it will not attempt to establish minimum retail prices which contravene the Resale Prices Act.

The OFT examined the company's practices after a complaint from a retailer which had its supplies withheld after it began discounting Apple's personal computers.

● INFLATION will fall from its present level of about 5 per cent to 3½ per cent by the end of this year if the Government keeps a tight grip on public spending and money supply growth, Liverpool University's economic research group says in its latest forecast.

The group expects a public sector borrowing requirement of £7.5bn to be in next week's budget, against an expected outturn of £9bn for the present financial year.

Radical tax reform urged for savings

By Clive Wolman

TAXATION OF savings penalised the poor, benefited the rich, made capital-raising difficult for many companies and had "little or no logical structure," the Institute of Fiscal Studies (IFS) said in a report published yesterday.

It indicated that any tax reforms introduced in the budget next week would make little impact. "Governments have made such a mess of the tax system that only a long-term programme of reform can improve it," Mr John Kay, director of the IFS said.

The report measured the degree of tax privilege or penalty attached to all the major forms of savings and investment. It found that returns from some forms of savings were granted major tax concessions, whereas others were heavily penalised.

Wealthy and high-income earners put a higher proportion of their wealth into tax-privileged forms of investment than did the poor, the report said.

Buildings society accounts, although the most popular savings medium for many people, was one of the most heavily penalised by the tax system.

Thatcher prepares to counter critics

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER, the Prime Minister, will counter-attack strongly against doubts expressed in recent days by senior Tory MPs about the Government's recent performance and direction.

There have been rumblings at Westminster over the last four or five weeks among Tory MPs about the government's alleged lack of grip, about a series of self-inflicted injuries and about the suggested weakness of some of Mrs Thatcher's closest advisers.

These complaints were underlined in a recent television interview by Mr Edward du Cann, chairman of the Tory 1922 Committee. He said that presentation of some policies had not been good since the general election, mistakes had been made and there were lessons to be learned.

Instead, Mr du Cann urged that Mrs Thatcher should make clear to the country and to the Conservative Party the direction of government strategy. He also suggested that she should consider appointing a deputy to take some of the strain of her heavy workload.

The response from Mrs Thatcher's office yesterday was largely dismissive, admitting neither of any failures nor of the need for change. The official view is that there is no cause for concern in the implementation of policy or in the structure of decision making. Hence, there is no intention of appointing a deputy, a role anyway performed by Lord Whitelaw, the Leader of the House of Lords, who chairs a number of ministerial committees.

Mrs Thatcher is expected to react aggressively to any criticisms when she answers questions in the House of Commons today. The Conservative leadership hopes that the doubts will be stilled by a positive message from the budget a week today and by Mrs Thatcher's speech to Conservative activists at a party meeting in Birmingham on March 24.

There is undoubtedly a feeling in Westminster at present that the Government has lost direction, that too many mistakes are being made and that some of the problems are because Mrs Thatcher and her advisers are out of touch.

Before you spend $3 million on a new computer, it might be prudent to spend £1 on The Economist.

Think of a mainframe computer and you think of IBM.

It owns over 70% of the market and when a bank, insurance company or airline needs a big computer, the IBM salesman tells his wife to buy that new hat.

Selling big computers is an immensely profitable business.

So profitable that someone has had the temerity to challenge IBM on its home ground.

That someone is Gene Amdahl, the man in charge of designing IBM's mainframe computers in the 1960s.

Mr. Amdahl is now running his own company called Trilogy and he's hit on a simple business strategy to unsettle his old masters.

He plans to build a better computer and sell it for less. Can he do it?

The experts seem to think the chips are stacked in favour of Goliath, and Trilogy's share price has halved since going public in 1983.

Some even believe that Trilogy is very much a 'high-risk' operation.

Mr. Amdahl, however, remains confident that his state-of-the-art design will prove irresistible.

He expects his computer to think four times as fast as IBM's current computer and to undercut its next model by 40%.

In a recent article, The Economist looked at his computer (and his chances) in depth and in detail.

It was an article you should have read. You'd have found it in our 'World Business' section along with the latest news on maritime fraud and a report on some brilliant matchmaking by Rolls-Royce in America.

The Economist believes you can't fully understand the business world until you know what's happening to business all over the world.

What Mr. Amdahl does in Cupertino, California can affect a Christmas bonus in Croydon or Carlisle.

Every week, The Economist digs out the stories and lays out the facts. It's always intelligent, frequently opinionated and invariably entertaining. And if business isn't your whole life (heaven forbid it should be) you'll be delighted by The Economist's range and style.

Mr. Amdahl, for instance, shared his billing with Jean-Luc Godard, Alexander Fleming and the Theatre of Comedy.

The Economist comes out each Friday with a spanking new issue full of shining new thoughts.

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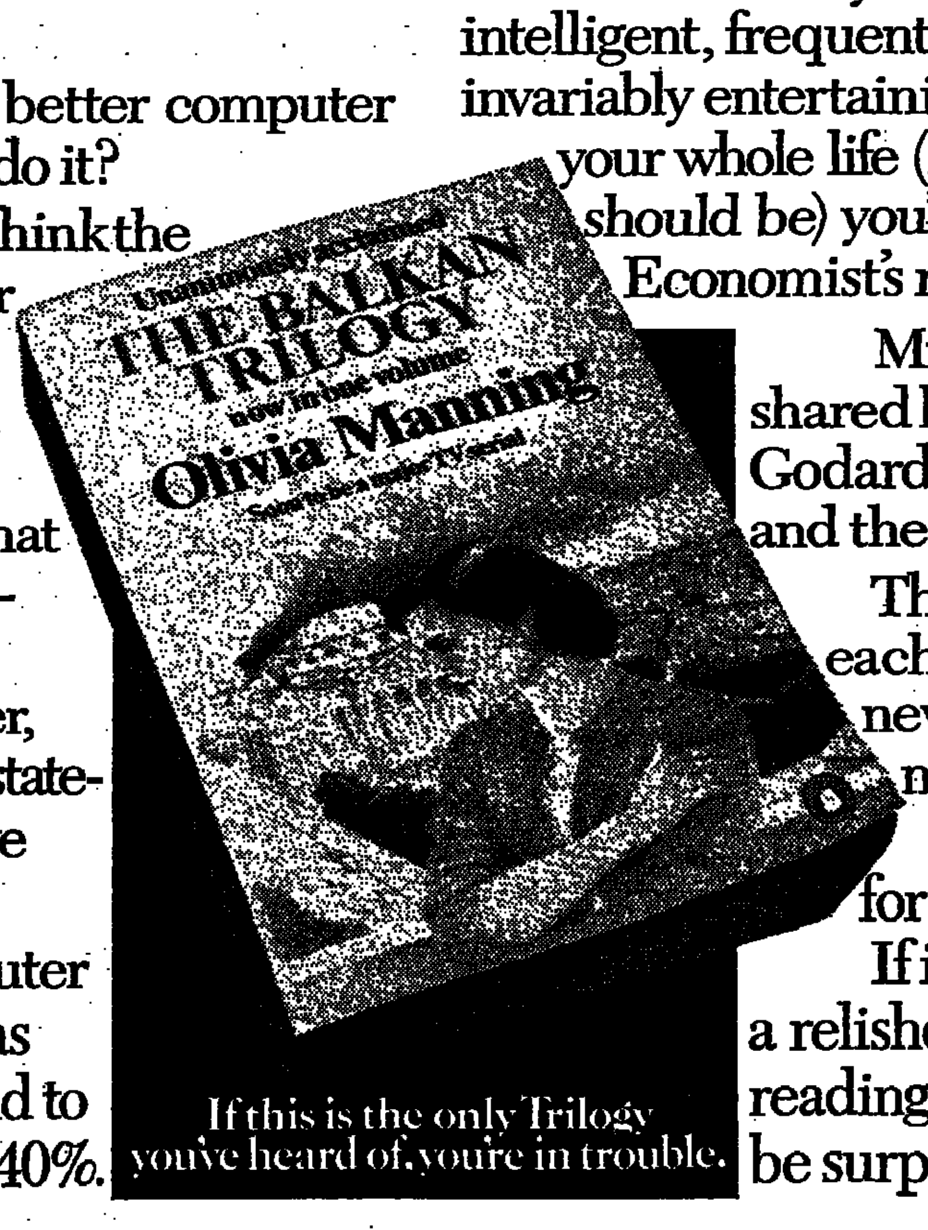
If it doesn't become a relished part of your weekly reading, frankly, we'd be surprised.



If this is the only Trilogy you've heard of, you're in trouble.

The Economist

UK NEWS

Spending 'unlikely to be on target'

By Max Wilkinson, Economics Correspondent

THE GOVERNMENT has a slim chance of keeping public spending within the targets of the recent White Paper (policy document) on expenditure, an all-party committee of MPs reported yesterday.

The Treasury and Civil Service Committee said that if adjustments were made for asset sales, debt interest and changed treatment of sickness and housing benefits, real public expenditure rose by 12 per cent over the five financial years to 1983-84.

This represents an average growth rate of 2½ per cent a year. For the next three financial years to 1986-87, the Government is planning for public expenditure, after adjustment for inflation, to remain broadly stable. It expects a slight rise next year, but a fall in 1986-87 to near the 1983-84 level.

The committee said: "Experience since 1980 to 1981 of the actual public spending out-turn, compared with the initial forecast, does not augur well for the Government's chances of keeping real public expenditure within these targets."

The committee said the spending plans had been formulated with very little attention paid to the method of financing them. Revenue projections in the Government's November autumn statement were out of date by the time that the public spending White Paper was published in February, it stated, and in any case applied to only one year.

The MPs said this fact cast doubt on the Government's statement that "finance must determine expenditure, not expenditure determine finance."

Their report recommends that future White Papers should include a table showing assumptions about the inflation rates for the years covered by the spending plans, and about economic growth for the whole planning period.

The committee was particularly sceptical about the part of the plans which suggested that local authority spending would be cut in real terms by nearly 7 per cent during 1984-85.

It was also doubtful whether nationalised industries would be able to achieve the expected turnround from net external financing of £2.5bn in 1983-84 to about £90m in 1986-87.

Government aid for Nissan 'could have created more jobs'

BY JOHN GRIFFITHS

THE MANNER in which Government supports industry came in for considerable criticism yesterday from the head of one of the smaller UK companies seeking to expand its share of the international automotive aftermarket business worth an estimated $13bn in Europe alone during the current year.

Mr Martin Stanbrook, managing director of the Sedan Group of Companies, told the Financial Times World Automotive Aftermarket Conference in London that many more jobs would have been created in the UK if the £35m aid the Government is giving to Nissan to set up its car assembly project had been distributed among small, domestic companies in the aftermarket business.

Mr Stanbrook said: "That project is going to create 350 to 500 jobs, and Government officials went to Tokyo to beg the Japanese to take the money."

He criticised UK aftermarket companies which, he said, "take the Super-Apex" route to supplying their markets with products bought in from the Far East.

The possibilities opened up to the aftermarket by the development of the "world car" concept were explored by Mr John Wormald, principal of the Booz, Allen and Hamilton consultancy group.

He predicted that there would be more growth in the aftermarket world-wide than in new vehicle sales. But this did not mean a "bonanza" for the aftermarket industry, as among the other factors at work, was a considerable increase in the reliability of vehicles, and hence diminished opportunities for replacement business.

The reason Guest, Keen and Nettlefold developed a "global" aftermarket strategy, involving the setting up five years ago of a new aftermarket division, were outlined by Mr S.M. Pearce, deputy managing director of GKN Autoparts International.

GKN set its objectives as being annual turnover of £500m-plus, a 20 per cent minimum return on net assets, and a significant international presence – strong enough to exert an influence on the market.

The problems facing aftermarket manufacturers as a result of "counterfeiting" of parts – predominantly by concerns based in the Far East – were addressed by Mrs Anthea Worsdale, formerly legal adviser to the Society of Motor Manufacturers and Traders and now secretary of the Anti-Counterfeiting Group.

Taiwan had gained the reputation of being the world's chief supplier of counterfeited goods. The Taiwanese had been taking steps to improve the situation, but Mrs Worsdale was sceptical about how permanent the improvement might be.

Any action had to be based on the simple objective of stopping the counterfeiting happening.

FINANCIAL TIMES
The World Automotive Aftermarket
CONFERENCE

A similar theme, but concentrating on the ramifications for the European market, was explored by Mr Gabriel de Berard, director general of DBA Bendix. Mr de Berard took issue with the view held in some quarters that a decline in the volume of world aftermarket business was inevitable.

A multinational's view of the international parts business was presented by Mr John Hardiman, vice-president parts operations for Ford of Europe.

He said that the years of considerable market growth for parts makers and suppliers were over. The target for companies like Ford had to be to gain a larger share of a static and possiby declining market.

Mr Toichiro Hirano, executive managing director of Central Automotive Products of Japan, said that one of the best ways of overcoming the current trade friction between Japan and Western countries over the imbalance of trade on cars was to increase trade in the automotive aftermarket.

Mr Richard Hoy, general manager and director of Hermetite Products, outlined the manner in which markets could be exploited by smaller companies.

Mr Ray Brown, managing director of Brown and Geeson, surveyed the role which the Society of Motor Manufacturers and Traders can play in support of such companies.

Talks to start on computer parts levy

Financial Times Reporter

THE BRITISH Government is to start negotiations with the European Commission to reduce the 17 per cent European Community levy on semiconductor imports. The move follows strong pleas from sections of industry for the tariff to be cut to the level applied to imported computers.

The microcomputer industry in particular has been concerned that the tariff on imported computers is only 6 per cent while it has to pay 17 per cent on the microchips necessary for building the machines in the UK.

Last November, the Electronics Economic Development Committee (EDC) wrote to Mr Kenneth Baker, Industry Minister, calling for an alignment of tariffs for semiconductors and computers. The EDC called for a swift reduction of the tariff on semiconductors to 9 or 10 per cent, to be followed two years later by a reduction to the prevailing rate for computers.

The two-year pause was to allow the EEC semiconductor industry longer to prepare for the loss of protection from imports. The British Government has broadly accepted the EDC report and trade and industry officials are to have discussions with the EEC.

A change in tariffs would require the unanimous agreement of other member states. British officials acknowledge that the earliest possible change would be the beginning of next year.

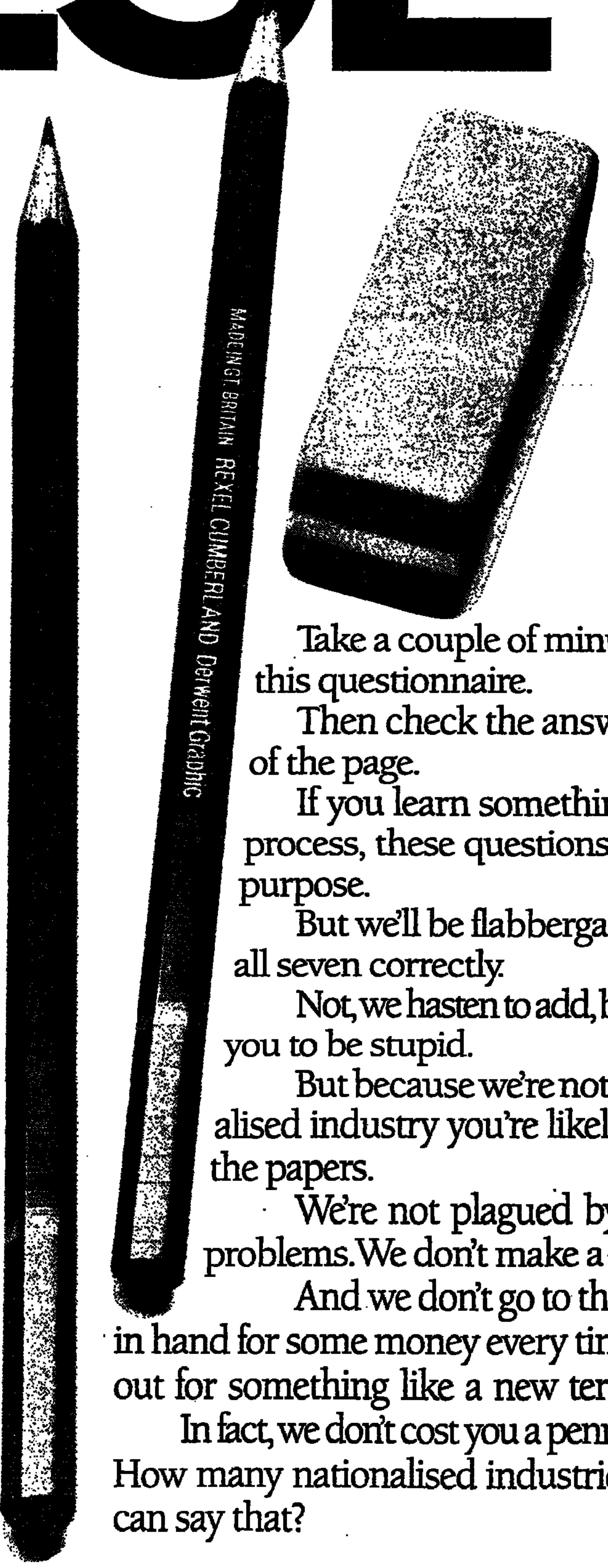
Thorn EMI wins £25m BR order

THORN EMI Electronics has won a £25m order from British Rail for computer-controlled ticket issuing machines.

The order is the largest received by the communications division of the company based in Wells, Somerset. It was won in the face of bids by 22 other companies around the world and will create up to 80 jobs in Wells, where the division employs 1,000 people.

The company plans to build a 15,000 sq ft factory at Wells to cope with the extra work.

TRUE OR FALSE?



1. DOVER IS BRITAIN'S BUSIEST PORT. True ☐ False ☐

2. HEATHROW, GATWICK, STANSTED DON'T COST THE BRITISH TAXPAYER A PENNY. True ☐ False ☐

3. HEATHROW HANDLES MORE INTERNATIONAL PASSENGERS THAN ANY OTHER AIRPORT. True ☐ False ☐

4. LOS ANGELES IS THE WORLD'S BUSIEST INTERNATIONAL HELIPORT. True ☐ False ☐

5. HEATHROW IS THIS COUNTRY'S LARGEST RETAILER OF PERFUME. True ☐ False ☐

6. THE WORLD'S 5TH LARGEST INTERNATIONAL AIRPORT IS GATWICK. True ☐ False ☐

7. ALL NATIONALISED INDUSTRIES RUN AT THE PUBLIC'S EXPENSE. True ☐ False ☐

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Then check the answers at the bottom of the page.

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British Airports

ANSWERS. 1. FALSE–HEATHROW IS BRITAIN'S BUSIEST PORT. LAST YEAR 13 BILLION POUNDS WORTH OF IMPORTS AND EXPORTS–1 BILLION MORE THAN DOVER. 2. TRUE. 3. TRUE–MORE THAN KENNEDY IN NEW YORK OR CHICAGO'S O'HARE. 4. FALSE–ABERDEEN IS THE WORLD'S BUSIEST HELIPORT. 5. TRUE. 6. TRUE. 7. FALSE–BRITISH AIRPORTS AUTHORITY DOES NOT COST THE TAXPAYER A PENNY.

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HEATHROW–GATWICK–STANSTED–GLASGOW–ABERDEEN–PRESTWICK–EDINBURGH

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

FROM THE centre of the biggest Victorian mill complex in Europe the only sound that penetrates the stillness is the exhaust of a motorbike crossing through the centre of Halifax on the elevated dual carriageway.

The vast jigsaw of 16 multi- and single-storey buildings where 5,500 workers once toiled now stands as an eerie symbol of the economic might once wielded by the great textile dynasties.

The world's second largest integrated carpet manufacturing site was finally abandoned (save for a small operation nearby) by Crossley Carpets two years ago, when the last group of 500 workers disappeared through the gates.

Left behind was the shell of the West Yorkshire town's greatest manufacturing powerhouse. A group of massive buildings spanning two brooks, backing on to several roads and with an outer boundary two miles in length.

Into this monument to Britain's economic past life is slowly returning. The centre may be deathly quiet but new activity, albeit in smaller and in some ways more primitive form, is underway in a group of blocks at the front of the complex.

Two men with seven-figure bank balances, Ernest Hall (himself the son of Lancashire textile workers) and Jonathan Silver, bought the mills last April from Carpets International, of which Crossley is a subsidiary. The plan was to set up an industrial park.

Since then the first steps along that road have been made. Sixty units are now taken with more than 200 people earnings their living selling and making in what has been renamed Dean Clough. Some 200,000 of the 1.5m sq ft of floorspace is claimed to be occupied in one form or another.

Half of them are in manufacturing or related occupations—making glassfibre canoes and gutters, hot-potato trailers, stained glass and double glazing, 18th century costumes, alternators. The rest sell insurance, computers and audio visual equipment, repair cars or make food.

Dean Clough is not the first nor will it be the last textile mill to be reshaped for small businesses. What marks it out however is the scope of the project, the speed at which companies have taken up space and the first signs that a small working community might be in the making.

"The spread of interests and businesses is vital to us," says Hall. "You need a climate for first time and small companies to thrive. They need support, help and confidence which I think can come from being part of a community and not just working in isolation."

Hugh Routledge

Ernest Hall: "The spread of interests at Dean Clough Industrial Park is vital"

Breathing life into an old mill

Nick Garnett on a renaissance in Halifax

The old Crossley boardroom is now used as a conference centre which any of the small businesses can rent for £1.50 an hour. There is a food take-away, newsagents and post box.

A food and wine bar is emerging from the conversion of one of the buildings for which the Dean Clough industrial park company is putting up the capital. An attractive mill shop which tenants may use as a retail outlet for their products is up and running.

Dean Clough also provides the central services often offered by mill or factory-housed industrial estates.

A smart business exhibition centre is also being introduced into the main mill block by Calderdale Metropolitan Council which has provided planning assistance and advice and maintains a property register, steering little companies to potential homes like Dean Clough.

Dean Clough and mill re-occupations like it are all about reasonable working environments at relatively low cost (rent is from 30p to £1 a square foot). Only a third or less of the 60 companies are new, however. Many of the rest have migrated from other but poorer mill properties.

Leslie Smith, whose company employs ten machinists making furniture covers, inner tents and ground-sheets, has few fond memories of his previous business home. "You could hardly get in for pidgeon droppings."

Roland Smith, who runs a five-man business taking spun yarn one step further down the textile process, complains about the lack of essentials at his previous mill site. What essentials are those? "You know, toilets, lighting, no means of getting stuff in and out."

Mill re-use is also about saving buildings whose disrepair and decay are drag factors on the overall community's ability to project itself to the outside world. Halifax has converted itself in the past 15 years from one of the grimmest-looking manufacturing centres in the country to one of its most attractive stone-cleaned towns.

But mill conversions are also about management, promotion and profit for those doing the converting. Fifty-three year-old Bentley-driving Hall made his money as the former chairman of the Mountleigh Property Company. Silver, who is only 34, owned a chain of clothing shops before this venture. Hall reports that they agreed a purchase price with Carpets International within three hours and had little idea at the time of its overall potential.

Hall declines to give an overall figure for the purchase and preparation work other than that it is more than £1m and less than several million. "The Crossley mills were chosen because of their generally sound structure, the stone-flagged fireproof floors and the modern system of lifts installed by Crossley.

Silver says £5,000 alone can be spent on putting in one opening from a unit on to a road, the kind of work that is necessary because most of the mills' communications were essentially internal rather than external. Hall says about £20,000 has been spent so far on advertising. No outside agents are used, no grants have been sought but Dean Clough *is now looking to obtain* EEC mill refurbishment money.

The new management spent a long time getting physical knowledge of the mills so they can place companies in such a way as to minimise the need to uproot them if they need to expand. Hall puts it down to plan common-sense and the ability to understand a small company's requirements.

The new mill-owners also offer more personal help. Hall gives the occasional sales lecture to any company that asks for it.

A few companies have failed. Some will leave. Athengrove, which employs 18, making leather goods like dog leads for the pet trade, has used Dean Clough as a stopgap and is pressing ahead with its earlier-planned purchase of a purpose-built factory in nearby Bradford which is subject to intermediate area assistance.

In brief . . .

THE Alliance of Small Firms and Self-employed People (ASP) has joined the furore *against reclassification* by the Inland Revenue of increasing numbers of self-employed as employees. In its Budget submission the ASP proposes that any person providing services as a contractor, sub-contractor or freelance should be entitled to be paid gross provided he shows on his invoice his Schedule D reference number and the address of his tax office or includes these particulars *if required to do* so by a client.

A £100,000 Innovation Fund has been established jointly by the Scottish Development Agency and Dundee University *to promote* the commercial development of high technology-based projects within the University.

•

ONE in three contracts placed by the Crown Supplies—representing 15 per cent of turnover — goes to a firm employing 100 people or fewer, it has been revealed. Speaking at the first of a series of seminars for suppliers, Anthony Pollington, Assistant Controller (Procurement and Transport) of the Government's recenty *relaunched central* purchasing agency (formerly PSA Supplies), said that "we are keen to see this proportion increase". The Crown Suppliers buys nearly £200m of goods and services from the private sector each year, *taking in* everything from furniture to fuel oil.

Pollington stressed the "value for public money" principle but reminded his audience that 20 per cent of orders are placed for reasons other than price. "Delivery performance is becoming an increasingly important factor in the winning of contracts," he said.

"Before you tender for business, make sure you know exactly what our requirements are. Read the tender documents carefully and if there's anything you're unsure about, get on to us". The Crown Suppliers are at Southbridge House, 2-10 Southwark Bridge Road, London SE1 9HQ. Tel: 01-928 2044.

T.D.

A service built on the performance of others

BY TIM DICKSON

SUSAN DOBSON'S success in the last five years is not just an encouragement for other married women with children (in her case one 18 months-old and a second on the way). The early development of her *financial consultancy Measurement* for Management Decision (MMD) is an enviable example of how to transfer successfully from a big company environment to self-employment.

Dobson started MMD on a part-time basis when working for Honeywell in Brussels in 1979. "I knew that I would be returning to Britain some time in the near future so I wanted to have something to do when I got back here," she explains. Far from branching out to do something radically new, however, the idea for her business grew out of performance measurement analysis she and others were providing for the computer giant's central management team and which she thought could be applied just as usefully to small and medium sized companies.

"*For a year or so Honeywell* effectively eased my cash flow problems by allowing me to stay on as an employee," she recalls. "My Honeywell background was invaluable in overcoming some of the credibility problems sometimes suffered by small businesses and some of my earliest clients were former colleagues who had gone to work elsewhere. After I decided to leave and concentrate on the business full-time in London in the summer of 1980 I even had the psychological security of being told by some of the senior Honeywell managers that they would have me back if things didn't work out."

Things, however, have worked out for MMD, and Dobson and her only other full-time colleague, Brian Finn, now seem to have enough clients to keep them fully occupied.

PD four

Dobson describes MMD's objectives as "providing realistic assessments of company performance, now and in the future, in order to assist management in the development of strategies for competitive success." Broadly speaking, she says, this involves "trying to build a bridge" between the econometric models produced by the likes of the London Business School, the Treasury and other forecasters and the immediate "micro" environment in which an individual client is operating.

Susan Dobson: assisting management "in the development of strategies for competitive success"

A recent two-month project *on behalf of a magazine* publisher, for example, concluded that magazine sales historically had been influenced in varying degrees by consumer spending, cover prices relative to inflation, the amount *of promotion*, the ratio of leisure time to other activities, and what Dobson called "the Royal Wedding effect" (the last significantly increased interest in women's *magazines*).

Dobson and Finn used a wide variety of sources and data to build and test their model. This not only enabled them to forecast a best and worst case but to help the client to *carry out* a number of "what if" exercises.

"It has certainly helped us to focus on who the competition is and in what way it competes," comments a representative of the publishing company, which wishes to remain anonymous. "We are also using it to predict what effect an increase in cover price will have on circulation *or a rise in advertising rates on* revenue."

Although Dobson's typical client is an autonomously run subsidiary of a large or medium sized group, she believes econometric *modelling* techniques can, thanks to the advent of the micro-computer, be applied to many more smaller companies. *Most large* management consultants and computer bureaux claim to be able to offer the same sort of expertise but MMD claims that the quality of service is all important.

"We make sure that the client is involved in each project and that the package exactly meets his requirements. We often develop a full scale training programme of client *company* personnel," explains Dobson, contrasting her approach with some of the larger consultancy firms "which just give you their report and then disappear."

MMD has certainly found a niche in the market and has completed around 30 different projects since start-up, covering industries at home and abroad as diverse as concrete in *Belgium*, electrical equipment in the UK and mechanical sorting machinery in the UK, besides more recent work in the consumer orientated sectors. (In January the company's predictions of employment growth in the hotel and catering industry—on behalf of the Hotel and Catering Industry Training Board—were widely reported in the specialist Press.)

Looking ahead Dobson believes there is scope to sell and stockbrokers.

Financial consultancy is not a capital intensive business but MMD's three other founding shareholders (family and friends) play a crucial role. For apart from providing the early working capital requirements, they act as sounding boards on a non-executive basis. "They all have other jobs in business," explains Dobson, "and their contact with other people is an important source of information. When you're at the coal-face you don't generally think laterally so we rely on them to tell us about a lot of new ideas and new management practices in organisations."

Asked about prejudice against women in business, Dobson says it probably works both ways. "Some people may still be put off on principle but just as a nice Scottish accent or an American voice attracts attention, so does a woman's. Once people have decided they want to use us it makes absolutely no difference."

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27 Cobham Road
Ferndown Industrial Estate
Wimborne, Dorset

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MINIMUM £200,000

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VENTURE CAPITAL REPORT, 2 The Mall, Bristol. The link between investment funds and small business. Investors and entrepreneurs ring (0272) 737222.

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Opportunity to acquire profitable business and assets of long-established and well-respected Industrial Refrigeration Engineers based in Washington, Tyne & Wear.

- Company has capability for design and construction of refrigeration plant for contracts up to £3 million and is sited in modern leasehold premises.
- Customers include substantial UK companies in the Dairy, Petro Chemical, Food and other industries.

Interested parties should contact the Joint Receivers and Managers:
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Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ
Tel: 01-606 7700
Telex: 884730 CORKGY G

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(In Receivership)

The opportunity arises to acquire the business and assets of a long-standing specialist in all aspects of bulk and unit materials handling.

Experienced within the UK and overseas markets
Annual turnover £4 million
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Enquiries to:
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(IN RECEIVERSHIP)

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Glasgow, Aberdeen, Nottingham, Sheffield, Preston.

The heritable and leasehold properties, fixtures, stock, etc., of the company are offered for sale as a going concern.

Interested parties should contact Alastair W. T. White, C.A., 112, West George Street, Glasgow, G2 1QF. Telephone: 041-332 7484. Telex: 777726.

Thornton Baker

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Designers and Manufacturers of Measurement and Control Equipment for the Processing Industries. Located in the North West in premises of 15,000 square feet
The comprehensive product range includes mechanical storage tank fittings and micro processor based control systems: there is also an Installation and Maintenance Division.
Turnover: £800,000 with considerable growth potential.

The business is offered for sale as a going concern and further details of the assets are available from:
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Shelley House
3 Noble Street
London EC2V 7DQ
Tel: 01-606 7700

Cork Gully

Capper Neill Plastic Fabrications Limited

Opportunity to acquire a business based in Warrington and Horsham, established in 1956, specialising in fabrication and moulding, thermal and thermo setting reinforced plastic serving process chemical transfer plants, heavy electrical, civil and mechanical engineering industries. The company, which has a turnover in excess of £1.3m pa, a good order book and employs 70 staff, is also engaged in the specialised activity of design, manufacturing, assembly and commissioning of radiation shielding windows.

Interested parties wishing to acquire the goodwill and assets of the Company should contact:
The Joint Receivers and Managers
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Shelley House
3 Noble Street
London EC2V 7DQ
(Ref. MJL)
Tel: 01-606 7700

Cork Gully

ELECTRICAL, HEATING AND VENTILATION CONTRACTORS

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- ★ Freehold premises in Epsom, Liverpool and Aldershot.
- ★ Leasehold premises in Nuneaton.
- ★ Large fleet of vans and motor vehicles.
- ★ Turnover year ended 31.3.1983 £4.6m.
- ★ Potential order book of £2.6m.
- ★ Parts of the business may be separable.

For further details please contact:
C. R. Sherling or N. S. Aspdin
Arthur Andersen & Co.
PO Box 55
1 Surrey Street
London WC2R 2NT
Telephone: 01-836 1200

ARTHUR ANDERSEN &CO.

GLOVER BROTHERS (MOSSLEY) LTD.

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The business is situated at Mossley, near Manchester, in freehold premises.

The turnover in the 10 months to 31 January 1984 was in the region of £2.9 million.

A skilled workforce of long-standing employees and an experienced management team are currently employed, numbering 86.

Interested parties should contact:
Cyril W. Nield
St. James's House
Charlotte Street
Manchester M1 4DZ
Tel: 061-236 5245
Telex: 667257

Cork Gully

William H. Capper & Company Limited

Leading fabricators of pipe work and heat transfer equipment for the process plant industry, employing 67 staff. Turnover in excess of £1.4 million. Lloyds and A.S.M.E. approved.
The company trades from a 12-acre site in Warrington with 85,000 square feet workshop.

Any interested parties wishing to acquire the goodwill and assets of the Company should contact:
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c/o Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ
(Ref: MJL)
Tel: 01-606 7700

Cork Gully

OHM AMPLIFICATION LTD + ASSOCIATED COMPANIES IN RECEIVERSHIP

OHM and its four associated companies manufacture sound reproduction equipment for the entertainment industry.
The companies operate from modern leasehold premises in Knutsford, Cheshire. Turnover amounts to approximately £650,000 per annum and there are 27 employees.

Interested parties should contact:
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St. James's House
Charlotte Street
Manchester M1 4DZ
Tel: 061-236 5245
Telex: 667257

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The shareholders wish to dispose of their interests or alternatively will allow a new substantial controlling equity injection in order to restyle and modernise operations. Turnover year to January, 1984 £1.8m.

The company has approximately £800,000 of tax losses available.

Replies to J. C. K. Elliott Esq.
MESSRS. ELLIOTT & COMPANY, Solicitors
Lloyds House, 18, Lloyd Street, Manchester
Telephone No. 061-228 2711

CAPPER INJECTION MOULDINGS LTD.

IN RECEIVERSHIP

The company specialises in the production of high-quality precision plastic moulded products for a variety of industries. It manufactures all required moulds. Currently the company operate 24-hour, 3-shift, 5-day working.
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The workforce and management team number 72.

Interested parties should contact:
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Charlotte Street
Manchester M1 4DZ
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Manufacturers of the UDEC range of bottle washing, filling and packaging equipment.
An engineering facility for complete turnkey projects in milk handling systems.
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Contracts in progress and orders on hand exceed £4 million.

Further particulars of the assets which are offered for sale as a going concern, from:
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c/o Cork Gully
Shelley House
3 Noble Street
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Cork Gully

Process Plant Fabrication

Medium/heavy pressure vessel and flat plate work fabricators
Capacities: Single piece lift up to 100 tonnes; rolling up to 75 mm
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Further particulars of the assets for sale as a going concern, from:
The Joint Receivers and Managers
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P. F. M. Shewell
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3 Noble Street
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(Ref: MJL)

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FREEHOLD £135,000 S.A.V. SOLE AGENTS

46 Mutley Plain Plymouth PL4 6LE Tel: Plym (0752) 262311

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We now wish to dispose of our soft drinks factory (approx. 29,000 sq. ft.), bottling plant and machinery. All are nearly new and available to substantial purchasers.
Conveniently situated to the motorway network.

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Profits in excess of £500,000 pa
Located in central Scotland
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Turnover £7m.

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Turnover £1.5m.

Details from Box G9521
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The company designs and manufactures precision electronic weighing equipment for industry, commerce and medicine, occupying 7,500 square feet leasehold factory/offices on the Sussex Coast.
The company has a good order book and is in the final stages of commissioning a new product with unique sales potential.
Please direct inquiries to: The Receiver, P. J. Berne, Lees House, 21 Dyke Road, Brighton, East Sussex BN1 3JD Telephone: 0273 203323.

Thornton Baker

FOR SALE

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South Wales

The entire shareholding is offered for sale following group reorganisation.

- ✱ Excellent modern Plant, Equipment & Vehicles, including crawler cranes, excavators, shovels, rollers, 24-ton dump lorries, compressors, etc.
- ✱ 16,000 sq. ft. modern Workshops, & Offices on 6½ acre Freehold Site—also 2 Depots.
- ✱ Turnover forecast £1.35 million for current year.
- ✱ Skilled management, sales staff & plant operatives.
- ✱ Early sale required.

Contact C. J. C. Derry
Business Brokerage Division
50/51 High Holborn
London WC1V 6EG
Tel: 01-405 8411 Telex: 897377

HENRY BUTCHER

Pharmaceutical Marketing Company

A one product company in the cough/cold sector with turnover of £250,000. Well established. The product is contract manufactured and has a Product Licence of Right.
Enquiries for the company plus net assets.

Write Box G9522, Financial Times
10 Cannon Street, London EC4P 4BY

FOR SALE

LIMITED COMPANY

With Agreed Tax Loss of £512,000 (Stock Relief) Available

A long-established family-owned Development company which is trading successfully. The main asset of the company is a serviced industrial park in a Special Development Area. Managing Director/Owner wishes to retire.

Full details:
MELLER BRAGGINS & CO.
Estate Agents
82 Watergate Street, Chester
(Tel: 0244 24731/42754)

DAIRY ICE CREAM FACTORY FOR SALE

MANCHESTER AREA

Approximately 3,350 sq. ft. producing 1,500 gallons of dairy ice cream per week with room for expansion. 10,500 cubic feet built-in freezers. Long lease expiring 1997, at a rent of £4,700 per annum.
Further details apply:
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Berkeley Square House, Berkeley Square
London W1X 6DE
Tel. No. 01-409 2199

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80 Bedrooms, Ballroom, large Bar, Lounge, Games Room, Indoor heated Swimming Pool, lift, lawned garden, car park. Excellent business for many years, very good advance bookings. Turnover £186,000. Profit £113,000. Price £650,000 Freehold.

Write Box G9408, Financial Times
10 Cannon Street, London EC4P 4BY

AIR TAXI COMPANY

Head office currently in London.
Full C.A.A. operating licence.
For sale with one five-passenger aircraft in excellent condition.

Write Box G9534, Financial Times
10 Cannon Street, London EC4P 4BY

SMALL AIRLINE FOR SALE

The company is situated at a major airport and holds long running freight contracts as well as scheduled passenger route licence. The company is self-contained having its own maintenance organisation and is offered for sale complete with aircraft for £180,000.

Write Box G9533, Financial Times
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Quality Glove Manufacturer—Dorset

Products include high quality fashion and sports gloves with extensive U.K. and overseas customers. Order book in excess of £120,000. Annual turnover approximately £500,000. Offers required immediately for trading assets.

Principals only contact the Liquidator, Malcolm E. Cork, Thornton Baker on Bristol (0272) 28901.

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Estab. 25 years North London.
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ABTA/IATA & OTHER LICENCES

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Write Box G9537, Financial Times
10 Cannon Street, London EC4P 4BY

INTERNATIONAL BUSINESSES FOR SALE

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The fully functioning production facilities at Dayton, Ohio, and Rochelle, Illinois, comprise the Building (and Bridge) Components Division of a large U.S. company. The plants serve a market with an urban population of 28.9 million. Sales exceed $21 million (U.S.) in up-cycles and $10 million in down-cycles. Price: $5 million (U.S.).
Send for free brochure: W. BURR BENNETT LTD., 20 N. Wacker Drive 2606, Chicago, Illinois 60606, USA
Tel: 312/236-0905 Telex: 270258 EXPRSTLX CGO

Custom Coils Limited

(In Receivership)

The Joint Receivers offers for sale as a going concern the business and assets of the Company. Custom Coils is an established designer and manufacturer of Condensers and Cooling Coils and Environmental Equipment for the processing industries. Major customers include leading UK Supermarkets, Regional Health Authorities and cold storage companies. Current annual turnover circa £3 million.

For further details please contact:
The Joint Receivers
P. F. M. Shewell and
C. J. Hughes
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

Cork Gully

METAL PROTECTION

The receivers offer for sale the business and assets of Kirman & Taylor (Anti-Corrosion) Limited, specialists in grit-blasting and anti-corrosion treatment of steel.

- Freehold factory on 1½ acre site at Newport, Gwent
- Turnover approximately £300,000 per annum

Enquiries to: P R Denham FCA, Price Waterhouse,
12 St. Andrews Crescent, Cardiff, CF1 3DD.
Telephone: (0222) 45485 Telex: 497949

Price Waterhouse

FOR SALE

Wholesale Fruit and Vegetable Market Company

situated on a wholesale market in East Midlands. This is a highly successful, fully computerised limited company offering exceptional returns on capital. Approx. turnover, two million pounds per annum.
Reason for sale: directors wish to take early retirement.
Write Box G.9528, Financial Times,
10, Cannon Street, London EC4P 4BY.

PIPE FITTING COMPANY

Manufacturers of stainless steel pipe fittings and special products for the nuclear and petrochemical industries now trading profitably with tax losses available. Straight sale or investment considered.

Write Box G9536, Financial Times
10 Cannon Street, London EC4P 4BY

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Leading product range for sale. Compact easily managed business. Many established brand leaders. T/o £150,000 p.a. GP 24%. Stocks at cost £40,000 plus royalty.

Write Box G9526, Financial Times
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USA/EUROPE—BUSINESSES FOR SALE

USA various businesses from $1 million up. Spain a number of different investments from £10k up. Also Belgium and Holland.
Send for free list of businesses to:
Business Sales, 8 Park Road
Beckenham, Kent BR3 1QD

PANAMA HOLDING COMPANY FOR SALE

Has substantial investment in major Panamanian industrial group and well established international banking and commercial relationships. Principals only.
Inquiries to: Dr Jaime Arias
24, Tudor Street, London EC4.
Tel: 01-353 4792 or 01-395 2612

BUSINESSES FOR SALE APPEAR EVERY TUESDAY

APPOINTMENTS

Sketchley makes board changes

SKETCHLEY has appointed Mr Peter Doble as director of group marketing worldwide. He was director marketing for the UK retail dry cleaning division. Mr Christopher Green becomes managing director of the UK rental division from area director-south, UK retail dry cleaning division. Mr Stephen Brown is to be senior vice-president, Sketchley Services Inc on the West Coast of America from operations director, UK rental division. Mr Stewart Redman is to be president of Sketchley Cleaners of Canada from area director-north, UK retail dry cleaning division.

★

The FIRST NATIONAL BANK OF CHICAGO has appointed Mr A. K. Jallad as senior vice president and area head for Continental Europe. His new responsibilities have led to Mr Jallad's relocation from Brussels to London, headquarters of FNBC's European, Middle Eastern and African operations.

★

LEGAL AND GENERAL ASSURANCE (PENSIONS MANAGEMENT) has made Mr Peter Simon chairman in succession to Mr Ron Peet. Mr Keith Hall has been appointed chief executive and Mr Michael Payne, Mr Jim Robinson, Mr Peter Sim and Mr Richard Sleight have been appointed directors.

★

JOHN LAING CONSTRUCTION has made four management changes. Mr T. W. Fleming is appointed marketing director, Mr F. W. Gregory becomes managing director of Laing Management Contracting, and Mr F. Mc Loughlin and Mr A. H. Martin became regional managers of northern and south eastern regions respectively. Mr Fleming was managing director of Laing Management Contracting. Mr Gregory was northern regional director.

★

Mr Raymond P. St G Cazalet has joined the board of DEVELOPMENTS COMMERCIAL & INDUSTRIAL (HOLDINGS). The appointment of Mr Cazalet, managing director of Witan Investment, coincides with the purchase by Witan of a 10 per cent stake in DCI, the Scottish independent development group of which Mr Allan Campbell Fraser is chairman. Mr Cazalet is chairman of the Association of Investment Trust Companies and a director of Henderson Administration Group.

★

Mr Jim Fallon, MK Electric's director—external relations has been appointed a member of the NATIONAL HOME IMPROVEMENT COUNCIL.

★

Mr B. E. Olef has been appointed a manager of BARING BROTHERS AND CO.

★

Mr G. L. Walkden has been appointed as London representative of BANCO ECONOMICO of Brazil, in succession to Mr R. Douglas de Sa Queen who has taken a managerial post in the bank's branch in New York.

★

INCO EUROPE has appointed Mr Roger Mellon as sales director. Dr Iver Kirman is named marketing director, and Mr Charles Moore is appointed finance director.

★

H. CLARKSON AND CO has appointed Mr A. F. Klima as deputy chairman. He will retain his current responsibilities as head of the tanker division.

★

At Metamec Jentique's principal subsidiary company, METAMEC Mr Michael Pesst has been appointed production director and Mr Gerald H. Blake will direct the company's efforts in product development.

★

Mr Harold J. Meyerman has been named president of FIRST INTERSTATE, a group which provides international treasury and capital markets services for First Interstate Bankcorp and its affiliated banks. He will continue as executive vice-president and general manager of First Interstate Bank of California's international division. He recently joined First Interstate from Bankers Trust Company in London where he had served as senior vice-president and group head (Europe).

★

Mr Mark Layton has been appointed managing director of INCOMES DATA SERVICES from April 2. He joined Incomes Data Services from British Aluminium in 1972. He is managing editor and was appointed to the board in 1975. Mr David Layton, who founded Incomes Data Services in 1966, remains chairman. The company provides information on pay settlements and employment law.

CONTRACTS

Edmund Nuttall wins over £6m

Heading the list of contracts awarded to EDMUND NUTTALL in February is one worth £3.9m for the Grampian Regional Council for the construction of headworks for a sea outfall to dispose of the sewage from the City of Aberdeen. Work starts in April for completion in 166 weeks. A contract for the demolition of The Old Redheugh Bridge, value £1.8m, starts soon for completion 150 weeks later. Southwater Country Park is to be formed for the Horsham District Council, landscape design by Land Use Consultants. The £382,000 contract starts on April 2 for completion in 37 weeks. A contract for London Docklands Development Corp. at Greenland and South Docks has a contract period of 26 weeks and is valued at £300,000. Work involves repair of the dock walls and clearance of the dock floor. Repairs to the Thelwall Viaduct on the M6, value £310,000, for Cheshire County Council are due to begin on March 5 and be completed in 26 weeks. A contract for Manchester International Airport completes the list. Value £116,000 it consists of repairs to link E holding bay and taxiway two. Work started on February 20 for completion in seven weeks.

★

TAYLOR WOODROW OF NIGERIA, Lagos, has been awarded its sixth road maintenance contract since last November by the highways division of the Nigerian Federal Ministry of Works. The latest award is worth £1.8m and covers the repair of a 16 km stretch of single carriageway between Pulka and Kirawa, in Borno State. It is due for completion in August.

★

LESSER DESIGN & BUILD has signed a £1.5m contract with W. & G. Instruments to build an office and factory complex in Plymouth. This will double the size of the existing plant to 4,000 sq ft.

★

R. M. DOUGLAS CONSTRUCTION has won a £2m design and build contract for a combined residential and office development in Old Brompton Road, Kensington. The client is Zakhem Buildings, a subsidiary of Sakhem International SA. The project comprises offices, a clinic for medical practitioners and five floors of flats and duplex units, totalling 24 residential units. Basement parking will be provided. Work has started for completion in autumn 1985.

★

AMA, New Malden-based mechanical and electrical services contractor, in the last quarter, has orders worth £5.29m. Largest has been placed by Wates Construction for refurbishment of air conditioning at 40 Basinghall Street, EC2, worth £2m.

★

Associated British Ports has awarded a contract for a container storage terminal at King's Lynn to BARNES CONSTRUCTION, Ipswich. The terminal will be built on an 8,000 sq metre site in the Bentinck Dock at a cost, including equipment, of £400,000. It should be operational by the summer.

COMPANY NOTICES

BAYER AKTIENGESELLSCHAFT

RIGHTS OFFER

3½ per cent. Bond Loan of 1984/1994

(with Warrants attached giving the right to subscribe for shares of Bayer Aktiengesellschaft)

By virtue of the authority granted at the Annual General Meeting of the Company held on 23rd June, 1982, the Board of Management has announced the issue of up to DM 500,000,000 3½% Bond Loan of 1984/1994 (with Warrants attached giving the right to subscribe for shares of Bayer Aktiengesellschaft) (the "New Bonds"). The New Bonds of DM 473,217,000 nominal have been subscribed by a German banking consortium and are being offered at par, by way of rights, to the Company's shareholders and to holders of its 5% Convertible Loan Stock of 1969 and holders of Option Certificates in respect of the 7¼% U.S. Dollar Bonds of 1979 and 10¼% U.S. Dollar Bonds of 1982 of Bayer International Finance N.V., on the following basis:—

(a) one DM 1,000 nominal New Bond for every 120 shares of DM 50 nominal held.

(b) one DM 1,000 nominal New Bond for every DM 24,000 nominal of 5% Convertible Loan Stock of 1969 held.

(c) one DM 1,000 nominal New Bond for every 120 subscription rights for Bayer AG shares of DM 50 nominal, from the 7¼% U.S. Dollar Bonds of 1979 held.

(d) one DM 1,000 nominal New Bond for every 120 subscription rights for Bayer AG shares of DM 50 nominal, from the 10¼% U.S. Dollar Bonds of 1982 held.

The New Bonds are being offered on the terms of the Company's announcement dated March, 1984 in which the rights attaching to the New Bonds are set out in full. Copies of the announcement with an English translation, are available on request at the office of the London Paying Agent, S.G. Warburg & Co. Ltd.

It is not intended to seek quotation for the New Bonds on The Stock Exchange, London.

PROCEDURE IN THE UNITED KINGDOM

Holders in the United Kingdom wishing to take up rights must lodge the following:—

Bearer Share Certificates —Coupon No. 41
5% Convertible Loan Stock of 1969—Receipt D
7¼% U.S. Dollar Bonds of 1979 —Receipt B
10¼% U.S. Dollar Bonds of 1982 —Receipt A

and apply during the subscription period from 8th March, 1984 to 19th March, 1984 inclusive, at the offices of one of the London Paying Agents named below:—

Hambros Bank Limited,
41 Bishopsgate,
London, EC2P 2AA.
Hill Samuel & Co. Limited,
100 Wood Street,
London, EC2P 2AJ.
Kleinwort, Benson Limited,
20 Fenchurch Street,
London, EC3P 3DB.
S.G. Warburg & Co. Ltd.,
Bond Department,
St. Albans House,
Goldsmith Street,
London, EC2P 2DL.

between 10.00 a.m. and 3.30 p.m. where lodgement forms are obtainable.

Payment must be made in full on application. Temporary Receipts will be issued.

Holders wishing to make payment in Sterling should agree the applicable rate of exchange with the London Paying Agent.

Subscribers will be advised at a later date when the New Bonds are available to be exchanged for Temporary Receipts.

THE BOARD OF MANAGEMENT

Leverkusen
6th March, 1984

SOLVAY & Cie
Société Anonyme

Registered Office:
33, rue du Prince Albert,
Ixelles (Brussels)
Commercial Register
Brussels No. 5554

Shareholders are invited to attend the Extraordinary General Meeting which will be held on Friday 9th March 1984 at 10 a.m. at the Registered Office.

AGENDA

1. In accordance with the proposal made by the Board of Directors pursuant to article 6 b of the Articles of Association, to decide upon the conversion of all the "B" registered shares into "A" bearer shares.
2. Following the decision taken upon item 1 above, to amend articles 6, 7, 9 and 21 of and to remove article 8 from the Articles of Association in order to make these conform to the new type of shares.

The complete text of the agenda with the proposed alterations to articles 6, 7, 9 and 21 is published in the "Moniteur belge" of 21st February 1984.

The Board of Directors wishes to remind shareholders that their attendance at the meeting is subject, if they are holders of bearer shares, to these being temporarily lodged, and blocked, not later than 4th March 1984, at the Registered Office or with any of the following establishments:

—In Belgium:
Société Générale de Banque
Banque Bruxelles Lambert
Kredietbank
—In Germany:
Deutsche Bank
—In France:
Lazard Frères & Cie
Banque de la Mutuelle Industrielle
—In Italy:
SPAFID
—In the Grand Duchy of Luxembourg:
Banque Générale du Luxembourg
—In the Netherlands:
Algemene Bank Nederland
—In the United Kingdom:
J. Henry Schroder Wagg & Co. Ltd.
Banque Belge Ltd.
—In Switzerland:
Crédit Suisse

The above-mentioned foreign banks have the option to appoint other establishments in their respective countries where Solvay shares may also be lodged in conformity with the above instructions. The list of these establishments will be published in due course in each country.

On the other hand, if the shares are registered, the shareholders must inform the Company in writing, not later than 4th March 1984, of their intention to attend the meeting, indicating also the number of shares held.

In accordance with Article 38 of the Articles of Association, proxies must also arrive at the Registered Office not later than 4th March 1984.

Debenture holders, who wish to attend the meeting, are requested to observe the same formalities as those prescribed for the shareholders (Art. 37 of the Articles of Association).

The Board of Directors

ENGLES-HOLLANDSE BELEGGINGS TRUST N.V.
(English and Dutch Investment Trust)
Established in Amsterdam

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders will be held on Thursday, 22nd March, 1984 at 14.30 hours at the offices of the Company, Keizersgracht 674, Amsterdam.

Shareholders wishing to attend the general meeting of the Company must deposit their shares not less than seven days before the meeting with Hollandse Koopmansbank N.V., Keizersgracht 674, 1017 et Amsterdam, or with Hill Samuel and Co. Limited, 45 Beech Street, London EC2P 2LX. A deposit certificate will be issued to such Shareholders, which, upon surrender, will entitle them to vote at the meeting.

Holders of Shares registered with the Company in its Shareholders' Register must inform the Board of Managing Directors in writing at least four days prior to the meeting that they intend to attend the meeting in person or by proxy.

Holders of Participation Certificates issued by Royal Exchange Assurance who wish to attend and vote at the meeting must contact the Trustee Department of Royal Exchange Assurance, 68 King William Street, London EC4N 7BU at least ten days before the meeting.

Royal Exchange Assurance is prepared to issue a power of attorney for the same number of shares held in trust as the certificate holder shall have deposited with Royal Exchange Assurance.

Copies of the Annual Report and Accounts for the year ended 31st December, 1983 and of the Resolutions to be put before this meeting, are available at the offices of the above-named.

By Order of the Board,
HOLLANDSE KOOPMANSBANK N.V.
Management

Amsterdam
6th March, 1984.

OBITUARY

ADAMS Peacefully in hospital on February 25 Arthur, aged 74 years, late of Greenwood Road, Sheffield. Beloved brother of Doris and Sam, brother-in-law of Frank and Margaret, uncle to Linda, Laura, Joan, Kath and Rodric. Cortege will meet at Greenland Court, Sheffield 9 on Wednesday, March 7 at 3.15 pm followed by service and cremation at City Road, Sheffield at 3.45 pm. Enquiries and flowers to B&C Sheffield. Tel 0742 760211.

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For further details write to:

**Classified Advertisement Manager
Financial Times
10, Cannon Street, EC4P 4BY**

T.C.H. INVESTMENTS N.V.

NOTICE IS HEREBY GIVEN to holders of Bearer Curaçao Depositary Receipts each representing one-tenth of one Class "A" share of T.C.H. Investments N.V. that an Annual General Meeting of Shareholders of T.C.H. Investments will be held at 6, John B. Gorsiraweg, Willemstad, Curaçao, on Wednesday 28th March, 1984 at 11.00 a.m.

The agenda for the meeting and the Annual report 1983 are available for holders of Depositary Receipts at the office of Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam, where vouchers for entry to the meeting may be obtained against delivery on or before 21st March, 1984 of Depositary Receipts and proxies to vote may be obtained for each 10 Depositary Receipts.

Willemstad, Curaçao
6th March, 1984
Caribbean Management Company.

G.U.S. INTERNATIONAL N.V.
US$15,000,000 9½% 1974/1989

Bondholders are hereby informed that the amortisation of April 5, 1984 for which an instalment of a nominal value of US$1,500,000 is due, has been entirely met by purchases in the market.

Coupons due on April 5, 1984 will be payable at the following banks:
CREDIT LYONNAIS, Luxembourg.
CREDIT LYONNAIS, Brussels.
CREDIT LYONNAIS, New York.
CREDIT LYONNAIS, London.
CREDIT LYONNAIS, Paris.
FIRST NATIONAL CITY BANK, Frankfurt.
FIRST NATIONAL CITY BANK, London.

Amount remaining in circulation after this seventh instalment:
US$8,000,000

The Fiscal Agent
CREDIT LYONNAIS, LUXEMBOURG

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EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musician, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557

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London Business School

A one-day seminar

April 26 1984 Fee: £150 (no VAT)

MANAGING CORPORATE TURNAROUNDS

For: Senior Executives involved in Turnaround Situations; Bankers; Investors; and the Professional Advisers.

Many previously successful businesses are now in a financial crisis. The outlook for the UK economy is not encouraging. The objective of this seminar is to explore what management actions are necessary in a financial crisis situation for survival and long term recovery.

Main topics will include: Causes and symptoms of corporate decline; Managerial behaviour in crisis situations; Triggering change; Generic recovery strategies; Formulating recovery strategies; Implementing recovery strategies.

The seminar will be led by Dr. Stuart Slatter, who has significant experience as a turnaround manager, management teacher and researcher.

To book a place, please contact:

**Miss Sue Coan, London Business School, Sussex Place, Regent's Park, London NW1 4SA
Telephone: 01-262 5050**

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Hong Kong: Editorial Room 507a, Pedder Building, Pedder Street, Central. Telex: c/o Reuters, HK. Tel: 5-226935.

Johannesburg: P.O. Box 2128. Telex: 8-6257. Tel: 838-7545.

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Mexico City: Editorial Calle Diamarca 54-500, Col Juarez, Mexico 6DF 06600. Tel: 592 5822.

Moscow: Editorial Kutuzovsky 14, Apartment 1, Moscow. Telex: 413300 Finance. Tel: 243 1635.

New York: Editorial and Advertising Financial Times, 14 East 60th Street, N.Y. 10022. Editorial Telex: 66390. Tel: (212) 752 7400. Advertising Telex: 238409. Tel: (212) 752 4500.

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Rio de Janeiro: Editorial Avenida Rio Branco 45, Salas 2611-2612, Centro CEP 20090, Rio de Janeiro RJ Brazil. Tel: 263 8845. Telex: c/o Reuters.

Rome: Editorial Via della Mercede 55. Telex: 610032. Tel: 678 3314.

Stockholm: Editorial Svenska Dagbladet, Raalambsvagen 7. Telex: 17603. Tel: 50 60 88.

Sydney: PO Box 182, Spit Junction. Tel: 969 5130.

Tokyo: Editorial 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358. Tel: 241 2920. Telex: 27104. Advertising Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: 127104. Tel: 295 4050.

Washington: Editorial 1171 National Press Building, Washington DC 20045. Telex: 440340. Tel: (202) 347 4920.

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

All advertising is subject to the publisher's current terms and conditions, copies of which are available on request.

THE ARTS

London and Durham/William Packer

Putting across the message

That Art must Communicate is, perhaps, the third favourite dictum of all those who know nothing about art, but know what they like: which is all very well as far as it goes, but does rather depend upon what it is that is thought to be communicated. The experience that is afforded by a work of art (as infinitely various as the experience of those who expose themselves to it, and necessarily ambiguous, unspecific, hard to pin down and certainly hard to convey, let alone explain), is one thing; the simple articulation of a thought, idea, principle or scheme, no matter how interesting or profound in itself, quite another. And for most people it would seem to be communication only of this second kind that is expected amenable of exploitation and resolution as it is.

The didactic and documentary exhibition will naturally tend to confirm this emphasis, but not always, as two current exercises clearly show in their different ways. "William Morris Today," an exhibition at the ICA to celebrate its subject's 150th anniversary (until April 28), is a worthy and even admirable effort, and characteristically maddening and engaging by turns. Morris was no poet, though he tried so hard and at such inordinate length, and no painter, but he was a designer of genius, and an interesting man besides, full of ideas, high-minded, sentimental, utopian, for the most part just a shade impractical. He was indeed a perfect proto-socialist, and it can be no surprise that he has become one of the movement's almost mythic hero figures, a kind of lay saint to whose shrine, or exhibition, the faithful must make their way it was declared open by Mr Kinnock last Wednesday night.

If the Labour Party in its present state can be laid to William Morris's charge, he has indeed a great deal to answer for: but the question is not quite so simple, and the exhibition, for its part, does its somewhat contradictory best to get him off. For the show is at its most tendentious in the parallels it seeks to draw between our own and Morris's times, and at its weakest in its simple-minded reading of the social history of Victorian England; and yet through it all runs an intriguing implied rebuke of our modern attitudes when seen in the light of Morris's high-principled and passionate ideal.

He, so well placed in his personal circumstances to theorise upon what was best for everyone else, was blessed nevertheless with a bottom of good sense when, through his own company, he came to put his ideas to the practical test. He may have come round to a dislike and distrust of the fine arts — for he was in a sense a failed and thus frustrated artist himself—so narrow and special in their natural appeal, seeing rather in the crafts the way to the hearts of the art-starved masses; but even so he knew that the kind of craftsmanship he himself admired, commissioned and purveyed would only be accessible to the comparative few, an elite maybe, that recognise its quality, and money enough to pay for it. The labourer is worthy of his hire: and Morris was clearly not prepared to exploit his workmen for a principle. He set them up in decent workshops, treated them individually as fellow artists in their way, and negotiated with them their own conditions of service and rates for the particular job: no collective bargaining, closed shop, demarcation, overmanning, no false equality but rather the essential dignity of the individual being treated at his worth.

Morris was a romantic visionary who dreamed of the happy state in which man worked peaceably, creatively and sufficiently in harmony with nature and at one with his own educated, civilised potential. Given the present state of Britain: polluted, contentious, ill-educated, ignorant of the past and uncertain of the future, a condition which has been worked towards steadily over the 90 years or so since Morris's death, it is hard to see how any one political party can claim him for their own, how all cannot take the rebuke of all his hopes This exhibition celebrates them with all their foibles and inconsistencies, sometimes abuses them, sometimes inflates them But it is not an exhibition about Art as such, for superficially if not instinctively (as his actual practice of the crafts suggests) Morris embraced the heresy of the elitist critique of Art, which is potent, wrong-headed and damaging still: it is an exhibition of ideas.

A didactic exhibition about Art, on the other hand, and the experience of Art, has just opened at the Durham Light Infantry Museum, in Durham (until April 8, and then on an extended provincial tour, arranged by the Arts Council, lasting for rather more than a year), and it is a model of its kind. "Working with Colour" takes as its material some recent paintings by Bridget Riley and their preparatory studies, along with a handful of earlier work by way of introduction, and treats the subject of the title clearly and exactly. For Miss Riley's paintings, in which long ago the dramatic optical frisson of zigs and zags in black and white was abandoned for the subtler energies of colour, resolved these many years in apparently the very simplest terms — regular, immaculate stripes moderating a close range of colours across the canvas — might seem impenetrably obvious, simple and thus difficult, their very appreciation surely elitist, as it were, if not actually perverse.

But what she does, with the help of Robert Cumming and his excellent booklet-cum-catalogue to the exhibition, is to take the interested visitor gently by the hand, and to lead him from piece to piece, explaining what she is doing and, perhaps more important, what she is trying to do, as they go. It is all done not in terms of metaphysics or sensibility, but of practical cause and effect, clearly and unaffectedly. The annotations given upon the catalogue entries are as useful as they are characteristic of the whole exercise: we stand before two studies hung side by side, that do look remarkably alike, and then we read: "These two studies each give off a different effect of light: in one the colours are intensified and reinforced, and in the other they cancel and diminish one another, producing a pink silvery grey result. It should be noticed that the palette is identical in both studies, in fact there are exactly the same number of each coloured band." We look again, and can see exactly what is meant.

Bridget Riley in her studio

And so, by degrees, our perception of the works, as they really are, is sharpened, and with that acuity comes a corresponding awareness of the nature of our own personal response, and thus our experience of the work: and so curiously, unbidden, the imagination comes insinuatingly into play, as we begin to see, and feel, just how the larger paintings, in their final state, have achieved their peculiar, definitive resolution. Here, for example, a black sings out, activating the space and generating light; there, in its absence, the light closes in, less vibrant perhaps but more atmospheric—and all is achieved within the same particular group of colours. In Cumming's words: "The colour and light which are given off are controlled but never constant. Light is not neutral: daylight, for example, is constantly changing and plays with endless subtlety on the emotions and imagination. Similarly these works, with their remarkable ability to generate light of comparable subtlety, should be allowed to spark and fuel an imaginative response. . . ."

Music Projects/Riverside Studios

Max Loppert

The current Music Projects/London series of contemporary music concerts at the Riverside Studios on irregular Sunday afternoons is proving to be one of the most distinctive of its kind for some while. "Bold originals" might have provided the theme of the whole series; in the case of the latest concert, last weekend, "fearless complexity" could perhaps be taken as the qualifying subtitle.

For the composers exhibited on this occasion, Iannis Xenakis, Michael Finnissy, and Elliott Carter, however little else they may have in common, were shown by three works of the mid-1970s to insist on a bold freedom of action, without concession to listeners' discomforts, in exploring complex structural schemes and intricately worked textures. Xenakis' *Epei*, whirling out at the start in increasingly fantastic brass patterns above double bass and later grouping in new formations with Varèse-like tenacity of purpose, was perhaps the least awkward of the three to grasp, for one sensed little of lasting musical substance beneath the undeniable excitements of its surface.

Under Richard Bernas' lucid and unemphatic guidance, the sextet of players gave an admirably clear account of those excitements. They brought no less coolness and confidence to Finnissy's Third Piano Concerto, whose fantastically elaborate solo part the composer himself assumed with (presumably) incomparable skill. The manner, furious volleys at every part of the keyboard answered or subverted by a different instrumental sextet, is typically unabashed Finnissy; I felt, as I usually do in any encounter with his music, that he is a composer on to something stirring and significant even when I cannot grasp quite what that something might be.

Of Carter's *Syringa*, with its parallel song texts (John Ashbery (for soprano, here Lynda Richardson) and culled from ancient Greek poetry (for bass, Gareth Morrell), Music Projects seemed marginally less certain. The various elements stayed disparate rather than being worked into properly vigorous confrontation; it is, admittedly, a formidably thorny mixture to bind, perhaps the most intractable in any of the composer's recent song compositions.

Via Nova Quartet/Wigmore Hall

David Murray

The French Via Nova Quartet are rare visitors and welcome. Their Saturday programme included the Ravel quartet, presumably because it's expected of them; Chausson's single, posthumous quartet op. 35 (with its Scherzo completed by d'Indy; the Finale sketches were unworkably sketchy), presumably because they were interested; and the second "Rasumovsky" Quartet of Beethoven, op. 59 no. 2, which plainly excited their collective imagination.

The Via Nova lavish full, refined tone—even fulsome—on their music, vibrant and forward. Their leader Jean Mouillère positively resists lifting his bow from the strings; it was curious to hear the sharp silences in the second "Rasumovsky" reduced to so little, even in syncopated tunes where the downbeat itself is a sound-gap. In Chausson's exacerbated homophony, where the four voices have to carry rich post-Wagnerian textures, one wanted more airy relief: until the lighter (and less striking) Scherzo, all that fraught exposition came near to being oppressive. It is a great pity that his Finale didn't get far enough to permit a speculative completion—given Chausson's immersion in the Franck tradition, it's reasonable to assume that it would have drawn the threads together with exciting conviction.

They played Ravel's Quartet in faultless style, point by point, but never sounded much engaged. *Pianissimo* was in short supply, and the most magical contrasts were disguised in workaday clothes. I think they have played it too often. Beethoven challenged them to much more ambitious commitment, and his E minor Quartet was continuously gripping. Granted a Gallic style (this is *not* ethnic prejudice: national styles do differ), more *souciant* about colour and flow than about muscular detail, it was a beautifully persuasive reading. In this second Rasumovsky commission, Beethoven chose to flatter his patron with a Russian tune which is actually the *Boris Godunov* coronation-theme at double speed (Beethoven's folksong collection obviously didn't mention tempi): the Via Nova made Beethoven's wry joke musically plausible, and altogether they presented the architecture of the work as a seamless whole.

Lucy Shelton/Wigmore Hall

David Murray

Miss Shelton is a young American soprano who comes to us with most promising credentials, including two Naumburg Awards (first as member of a trio, then as a soloist). On Friday she appeared with her excellent accompanist Lambert Orkis, one of those rare birds whose lively musicianship isn't discouraged by a secondary role, and with a bright programme: the Dvořák *Gypsy Songs* before a Schubert group that collected Thea King's clarinet for "The Shepherd on the Rock," and the Messiaen cycle *Poèmes pour Mi*, and Ives. The half-dozen Ives songs included, charmingly, his own setting of the translated lyric of the most famous *Gypsy Song*, "Songs My Mother Taught Me."

If I were laying bets on where Miss Shelton will go, I'd wait. She is a strong, individual musician with an interesting instrument, used most confidently with English (well, American) words. Her careful Czech in the *Gypsy Songs* and her neutral German in Schubert weren't hindrances, but neither were they used to any telling effect. Her higher register, obviously cultivated, is secure and must carry well in bigger halls; in the Wigmore one was aware of a dearth of real *legato*, with her clean grasp of musical sense smudged by note-by-note emission, each long note a little swell-and-recede event on its own.

Messiaen and Ives displayed her special potential much better. In the all-but-instrumental lines of the *Poèmes pour Mi*, her dynamic shaping and boldness were splendid—and they accommodated Messiaen's fervid *religioso* overlay very well. (Mr Orkis was a scrupulous and vivid partner.) In the Ives group the impression of direct address was a tonic—and one began to notice how personal and pungent Miss Shelton's lower register is, though evidently less worked over than her upper range. I don't pretend to any technical voice-expertise, but mayn't it be that what we have here is a very intelligent, appealing mezzo with a useful upper extension? In any case her development will be worth following.

Architects in the Inigo Jones mould

Gillian Darley reports on a firm of City architects who designed and built their new offices

The gulf between the various professions and trades who are concerned in the design and construction of a building can yawn alarmingly wide — and never more so than between architect and contractor. When the small, City-based architectural practice, Hodges and Haxworth, decided to take on one of the packets of land in the St Bartholomew's Conservation Area that the City Corporation was releasing, on 100-year building leases, their intention was to build their own office and use the rest of the development for a restaurant, one or two flats and, possibly, extra lettable office space. The City stipulated the cost of the building, and this in fact proved to be less than expected.

The advantages of managing their own contract, buying materials and labour, were quality control, financial savings, and a degree of satisfaction from confronting the building process which, today, is moving further and further from the architects' training and experience. As they pressed on with the scheme, Martyn Haxworth took cheer from remembering the scribbled notes that Inigo Jones made as he visited his buildings on site, revealing him as an eminently practical man, his hands well dirtied in the building process, as well as the intellectual adventurer and inspired designer he equally was. The linking of the stages of planning and construction management as the architect's responsibility shifts the contractual risk—to the client, in this case no problem, since they were one and the same. In fact the practice has also acted on the same basis for local clients who accepted the risks.

The site was a typical City one: tiny, bounded by Middle Street, East Passage and Kinghorn Street, it consisted of a narrow terraced house which could be immediately converted to provide services and circulation, and the adjacent corner site on which a single-storey building stood—the remnant of, unbelievably, five previous houses. It did not take long for the surprises to emerge—most of them unpleasant. After bomb damage, the then City Surveyor had neglected to ensure Ancient Lights, and the belated establishment of these involved considerable changes to the roof line, and the loss of a full storey (the groundfloor restaurant). The site turned out to stand upon a charnel house, a reminder of St Bartholomew the Great across the road. The groundwork which this involved was to be very complex, consuming much extra time, and money.

Further adjustments involved fire regulations. The extent of glazed walling area constituted a fire risk to buildings opposite and therefore the top storey had to present a high proportion of solid masonry to glazing. In fact, this makes the flat a much more enclosed and usable domestic space—though it gives the building a slightly schizophrenic lurch from its sheer, glazed ground and first floors to its terraced "cottage" on top.

Hodges and Haxworth's building is, in design terms, very much the outcome of a number of "hidden" pressures. The stepped roof line to give light to the adjacent buildings, the juggling with glazing at different heights of the building and the actual street line of the building with its chamfered corners to give views of the church and the pasage-way to Long Lane are all responses to an awkwardly tight corner site. Since the Smithfield area is a Conservation Area amenity groups were consulted. Surrounding buildings indicated that a marked base, middle and upper region of the elevation be emphasised and the rather utilitarian nature of most of the surrounding buildings, some of which are white tiled, suggested that a crisp, functional looking building—predominantly white, grey and blue—would be perfectly compatible on the site.

In other respects the building has been designed to be as flexible as possible. It may look very different in 10 years, for the fenestration system—opaque, translucent and transparent glass panels—is designed to be interchangeable, deep planting troughs and overhead grids around the upper terraces will smother the building with greenery, and internally, the steel mullions can be used to fix security grills, plant wires or other additions. Since the first floor is a mezzanine the full window height can be utilised. Office areas are open. Studio-type spaces—very much the ideal working environment for architects and hard to find in a standard conversion. Some screening will be added to counteract a problem of glare.

Hodges and Haxworth do not underplay the difficulties of managing the contract themselves. Delays have added to the costs, but even then the saving is, they estimate, around 20 per cent: the building cost £150,000 plus inflation over the two-year construction period. On a greenfield site many of the problems would have never occurred.

Nevertheless, with the practice's strong local connections (they have worked in the area for 10 years and consider themselves a kind of "GP" service) this was where they wanted to build. The intricacy and pattern of the City around here was both constraining and stimulating. Yet the range of neo-Victorian private houses alongside does beg the question as to what, exactly, the planners are aiming at—is this aesthetic control or the design of market forces? The recent demise of Little Britain was a reminder that the small-scale and complex grain of this part of London is an endangered species; a building like Hodges and Haxworth's demonstrates the virtues of care and individuality in design and refreshes the scene.

Daisy pulls it off/Globe

Antony Thorncroft

This award winning spoof of the Angela Brazil school of girls fiction approaches its second year at he Globe with a new cast. In the event nothing has changed, the newcomers assuming the characters and idiosyncracies of their fore-sisters with hardly a falter.

This was probably wise. *Daisy pulls it off* is a deserved success because it plays it straight, with no flicker of a superior smirk, nor pause for a knowing laugh. It thus remains affectionate in its parody and the audience likes the characters, and in an odd way believes in the unbelievable twists of this quintessential school girls yarn.

Sally Cookson is the new Daisy, the first scholarship girl at Grangewood, and her enthusiasm pulls the rest of the cast through. Perhaps they are not yet as relaxed and confident as the originals, but the script is strong enough to stand more exuberant playing.

The only one in danger of going over the top is Charlotte West-Oram, the sole survivor, as headmistress, Miss Gibson. But there is so much resilience in the play, and its appeal is so broad, encompassing children, parents who rarely go to the theatre, and the odd sophisticate laughing, rather falsely, at the play's patriotic values, that any variety in the acting is sure to meet sympathy among some sector of the audience.

Arts Council to award performers' bursaries

The Arts Council of Great Britain is to offer a limited number of bursaries to theatre performers, including those working in dance, music theatre, opera and puppetry. These bursaries aim to help performers increase their professional worth, and to provide opportunities for career refreshment and reinforcement, by enabling them to learn new skills or improve existing ones or pursue a special line of interest.

Bursaries are specifically for individual advanced training or specially designed programmes; they are not available for projects connected solely with the preparation and mounting of a production, for full time attendance at a school, college or university, or for open group classes.

Measurement of Time/Brussels

Rob van Mesdag

Not a single aspect of the measurement of time throughout the ages has been overlooked at this exhibition at the Société Générale de Banque in Brussels.

Thanks to the long existence in Belgium of instrument makers of high calibre, and to the energy of collectors such as Henri Michel and Max Elskamp, the organisers have been able to present the fullest and most detailed picture of the subject. The exhibition runs until April 7.

It was primarily for the hours of daylight that man wanted to create some system of measurement. The Egyptians, some 16 centuries before Christ, devised the clepsydra, a small tank through the bottom of which water would drain over a specific period. The Chinese measured the time it took a wick to burn away. During the Middle Ages, Europeans used candles with gradations, or measured the oil level in lamps. The hour-glass was first mentioned in 1380.

The movements of the sun and heavenly bodies were also used to measure time. The exhibition contains examples of the earliest and simplest sundials. Some are horizontal; others are vertical, such as those on the walls of old buildings. There are also equinoctial rings or spheres such as the armillary spheres based on the theories of Ptolemy and Copernicus.

Nuremberg and Augsburg in Germany were centres for the manufacture of sundials. Among the hundred or so on display are equinoctial sundials made by Johann Willebrand and Johann Martin from Augsburg and diptych dials – their two surfaces forming a rectangle – from Nuremberg known as *Nürnberger Kompasse*.

On an astrolabe, the function of a sphere is projected on to a flat surface. The first European ones date from the 13th century.

Among instruments exhibited are those from the workshop of Gauthier and Regnier Arsenius, nephews of Dutch geographer and mathematician Gamma Frisius, who was also Mercator's teacher.

The second part of the exhibition is given over to mechanically driven instruments: watches and clocks. The Dutchman Christiaan Huygens made a considerable contribution to accuracy with his development of the pendulum and the hair spring. Of interest is an "onion"-type pocket watch from 1690 made by Isaac Turet in Paris. It was to Turet that Huygens entrusted his invention of the hair spring in order to have it incorporated in future watches.

More than 200 watches and clocks from the 18th and 19th century bear witness to the skill of such craftsmen as Martinot, Thiout, Le Roy and Berthoud in France; Tompion, Graham, Harrison and Mudge in England; Duboule, Esquivillon, and Vauches Freres in Switzerland; and Sarton, watchmaker to the prince-bishops of Liège, in Belgium. One section of the well-illustrated catalogue (BFr 800) is devoted to Abraham-Louis Breguet, often considered the master of them all.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

March 2–8

LONDON

Royal Opera, Covent Garden: Jon Vickers' title role performance in Peter Grimes is one of the glories of the contemporary operatic stage. He returns to the celebrated Covent Garden production in company with a conductor new to the opera, Bernard Haitink. Final performance of the successful Bohème revival, conducted by John Mauceri. (240 1066).

English National Opera, Coliseum: The new production of The Mastersingers is a curate's egg, with Gwynne Howell's Sachs and Alan Opie's Beckmesser to be counted among its attributes. The revival of The Barber of Seville is notable for Ann Murray's Rosina and Keith Lewis' Almaviva, both new to London.

PARIS

Maurice Bejart and the XXth Century Ballet: Messe Pour Le Temps Futur, expressing the anxiety, hope and fascination of the future: Palais des Congres (266 2075).

Spectacle Commedia dell'Arte to music by Richard Strauss, Arnold Schoenberg, Edouard du Puy conducted by Michael Boder with choreography by George Balanchine, Glen Tetley and Ivo Crammer respectively at the Opera Comique—Salle Favart (296 0611).

Verdi's Jerusalem conducted by Donato Renzetti in a new production by Jean-Marie Simon, with Cecile Gasdia as a splendid Helène, Veriano Luchetti in the role of Gaston and Alain Fondary as the Count of Toulouse. The Paris Opera (742 5750).

Paris Opera Ballet School performs to the music of Ravel, Lolle, Roussel. Choreography by George Balanchine, Harald Lander and Albert Aveline at the Théâtre des Champs Elysees (723 4777).

WEST GERMANY

Berlin, Deutsche Oper: Falstaff, sung in Italian, brings together Pilar Lorengar and Ingvar Wixell. Don Pasquale is again added to the programme with Costanza Cuccaro and Rüdiger Wohlers. Der Troubadour is conducted by Herbert von Karajan. Further performances are Die Lustigen Weiber von Windsor and Zimmermann's rarely played Die Soldaten, produced by controversial Hans Neuenfels.

Hamburg, Staatsoper: To commemorate Wagner's 100th anniversary die Meistersinger von Nürnberg, premiering this week, with star tenor Rene Kollo, Kurt Moll, Hans Sotin and Beatrice Niehoff. It is produced by Herbert Wernicke. Also offered Der Fliegende Holländer, perfectly cast with Theo Adam in the title role and Lisbeth Balslev as Senta. Wozzeck convinces thanks to Anja Silja, brilliant as Marie. Arabella closes the week.

Frankfurt, Opera: premiering this week is 'Schwanensee', a ballet-premiere, choreographed by the late John Cranko, danced to music by Peter Tchaikovsky. Soloists are Lucia Isenring and Barry Ingham.

Munich, Bayerische Staatsoper: There was much acclaim for Idomeneo with Peter Schreier in the title role. Die Fledermaus features Lucia Popp and Eberhard Wächter. It is conducted by Carlos Kleiber. Don Giovanni is worth a visit with Judith Beckmann, Julia Varady and John Janssen. Der Troubadour has fine interpretations by Rosalind Plowright and Ernesto Veronelli in the leading roles.

NEW YORK

Metropolitan Opera (Opera House): James Morris as Don Giovanni is featured in a week that also includes Kiri Te Kanawa as Arabella conducted by Marek Janowski and Tannhäuser with Leonie Rysanek, conducted by James Levine. Lincoln Center (580 9830).

Martha Graham Dance Company (NY State Theater): A three-week season includes the world premiere of The Rite of Spring and New York premiere of Phaedra's Dream to inaugurate a tribute year and new venue for the company. Lincoln Center (870 5570).

WASHINGTON

New York City Ballet (Opera House): The Kennedy Center's dance season climaxes with the Washington visit of the New York City Ballet, which includes 17 works in six programmes, including five local premieres. Among ten Balanchine ballets and four by Jerome Robbins, the most recent work in the repertoire is Robbins Antique Epigraphs for eight female dancers set to two pieces by Debussy, which premiered at the recent winter season in New York. Kennedy Center (254 3770).

books

FOR THE BUSINESSMAN

UK INDUSTRY

Slow adjustment to the Community

Economies of scale, competitiveness and trade patterns within the European Community
by Nicholas Owen. Oxford University Press, 193 pages, £20.00.

THE UK's membership of the European Community has not brought the industrial benefits which were hoped for at the time of accession. Is this British industry's fault or were the benefits over-sold?

Nicholas Owen argues that the Community has indeed conferred considerable benefits on member countries, chiefly through the stimulus to cost reduction through economies of scale. In three detailed case studies he shows how Italian white goods manufacturers, French carmakers and German truckmakers were able to *increase volume and reduce costs* through exports to other members of the Community forcing their rivals to rationalise and adjust in order to survive.

He suggests that British companies, in making their plans for Community membership in the early 1970s, neglected the *importance of economies of* scale in manufacturing and put too much stress on acquisition; plant size was what mattered, not business size.

It is true that the UK joined at a time when economic conditions in the Community were about to deteriorate. Moreover, continental producers had already adjusted to membership; strong national champions had emerged in several sectors.

Weak British industries such as cars and steel quickly felt the impact of membership, while some industries of which great things were expected, such as trucks, made little headway. "British managements had not sufficiently grasped the significance of economies of scale nor planned how to achieve them."

Mr Owen also argues that in the mid-1970s, when the situation demanded confident and aggressive strategies from British business, industry had to contend with national policies designed to enhance the bargaining strength of the employee, to remove *management's initiative on wages*, prices and dividends "and to impose, through policies of industrial support, structural rigidities on an economy which needed above all to adapt its structure to Community membership."

Hopeful

The industry studies suggest that economic integration is a slow process, requiring 15-20 years to show measurable benefits and perhaps 40-50 years for completion. The author is hopeful, given economic policies which favour growth and structural change, that Britain can successfully adjust to membership and secure benefits of the same order as those which the original members obtained from their first 20 years in the Community.

The important message of the book is that economists and even the *Commission itself* have greatly under-estimated the benefits of internal trade creation which resulted from the formation of the Community.

The contributions to wider consumer choice and more efficient use of resources have been *under-sold, partly because of* their gradual and diffused nature, partly because the spadework necessary to achieve them is unglamorous and bureaucratic.

There is substantial scope for increases in productivity and in real incomes, Mr Owen believes, if the process of integration is allowed to proceed. The momentum is unlikely to be restored unless there is a clearer understanding of the connection between the efficient functioning of the Community's markets and the achievement of greater prosperity for its citizens. This book makes a *valuable contribution* to that understanding.

GEOFFREY OWEN

AID FOR TRUSTEES

Guided tour to the portfolio performance jungle

The Measurement of Portfolio Performance
by Clifford Hyams and John Mulligan. Kluwer Publishing, 224 pages, £15

IS AN investment manager only as good as his next stock selection? Or is there something about his style or rapport with his client that makes it sensible for there to be a long-term relationship?

There have been a number of attempts to replace human investment managers with electronic ones, justified by theories about the efficiency of stock markets, whereby investors can only pick winners by luck. Certainly, half the managers are going to produce below average performances in any particular period, but those responsible for running pension schemes—worth more than £100bn in the UK today—seem to prefer advisers who are human, even if they sometimes prove to be fallible.

At least pension fund trustees are not short, these days, of figures by which to judge the performance of the investments for which they are ultimately responsible. Modern performance measurement services monitor not just overall results, but also apportion the praise or blame between various strategic (sectoral, or market timing) decisions and tactical (or individual security) judgments.

All too often, however, figures which were intended to help the trustee end up as another complicated ploy by the professionals to bamboozle him.

Now two British actuaries have produced a book to help guide trustees and other non-professionals through the portfolio measurement jungle. It is, they say *relatively* popular in its approach, and that accurately captures its flavour.

There is plenty of good basic stuff on indices, time weighted returns and comparative performance studies. There are also some difficult sections (even if most of the algebra is confined to the appendices) and the authors generally seem to find it hard to pitch their writing at the right level—the book is perhaps too technical for the average trustee, and too elementary as a textbook for professionals.

Imaginary

The inclusion of Mr John Brew's classic 1970 article on an imaginary trustees meeting (at which there is heated, but indecisive, discussion on which of six investment advisers have really performed best) livens the book up but only serves to suggest how a lighter approach might have been more successful elsewhere.

What is mainly lacking, perhaps, is a willingness to present the problems in the way that trustees come up against them. For instance, there is a need for advice on the way that different investment advisers subtly manipulate performance data when they give presentations to prospective clients.

There should be a more methodical analysis of how performance reports are presented. But the basic material is here, for the trustee who is willing to persevere.

BARRY RILEY

BUSINESS EXERCISES

Keeping fit for work

Super-Fit for Business
by Graham Price and Gerry Rickards. Scope Books, £8.50, 218 pages

In Super-Fit for Business, Graham Price and Gerry Rickards have written what may be destined to become the standard text on this very important subject.

In so doing they have welded an immense bank of experience and expertise to an imaginative yet simplistic presentation which will appeal to everyone from the absolute duffer to the devoted marathon runner although it is aimed primarily at the business man or woman, there is something for everyone, regardless of age.

The book starts off with a short, concise analysis of the main causal factors of lack of fitness and goes on to highlight the signs and symptoms which most business men and women have experienced at one time or another. There then logically follows a "ready reckoner" or fitness assessment, so enabling the reader to assess easily and sensibly the degree of the fitness problem within the context of an individual work environment.

Having identified the problem, and before embarking on a most detailed yet understandable programme of graded exercises, there is a most important chapter on the need to approach exercise with caution, to know one's limitations and to recognise the danger signals of excessive demands on the system.

To supplement the fitness programme there are many splendid illustrations. Indeed, every exercise is so clearly described that no one should have any difficulty in deciding what is or is not possible for them at any particular stage.

Throughout, there is the underlying theme of slow, steady, sensible progression to an appropriate fitness level. I like particularly the exhortation to companies to provide facilities for staff to keep fit during lunch time or after work, the argument being that this not only keeps people fitter but improves morale, loyalty and production.

There is also an excellent list of equipment for use in the home or in the gym, and the names and addresses of several sports associations.

At the back there are some seven appendices which touch on everything from diet to sports injuries, preventive medicine and first aid. At the very end there is a glossary of everyday terms, which most of us thought we knew.

All in all, this is a book to stimulate and rekindle the desire, albeit latent, to achieve a measure of fitness.

(Dr) ALAN McEWAN

CAPITAL ADVICE

How to complete the obstacle course

How to Raise Capital
by Gregory I Kravitt and others. Dow Jones/Irwin, 1818 Ridge Road, Homewood, Illinois 60430; 182 pages, $19.95.

THE days when you just scribbled down a few notes on the back of an envelope are well and truly over. Finding money for a new or expanding business is fast becoming an obstacle course in its own right with venture capitalists (particularly) and bank managers (increasingly) eager to acquire a stream of information from the height of your ambition to the width of your big toe.

That, at any rate, is the impression gained from the American authors of How To Raise Capital, a guide to writing a business plan which devotes more than 80 of its 182 pages to questions companies seeking finance will need to consider.

Working tool

Written in the form of a detailed questionnaire, the book is a working tool designed to lead the budding businessman through the process of planning and analysis, with each point explained from the investor's perspective and technical terms (some of them needless jargon) spelt out for financial beginners.

Two sample business plans—one for a medium-sized heating and air conditioning equipment supplier, the other for a full service retail computer stores — are included as illustrations.

With hundreds of propositions pouring across the desks of European venture capitalists —notably in the UK from entrepreneurs with an eye on money raised under the Business Expansion Scheme—the claim that "without a well-written and well-documented plan the individual selling capital has virtually no chance of raising money" rings just as true this side of the Atlantic as in the U.S.

Admittedly some of the information required will seem superfluous to any "seat of the pants" manager—it is hard to believe that many venture capital businesses are always as rigorous—but the point is that rapid technological change and fluctuating markets demand an ever more acute awareness by all concerned of where a business is at present and where it is going.

Data supplied to the potential investor on competitors, market conditions, cash flows, local labour supply, production techniques, etc, should thus ideally be at the fingertips of the management team.

The authors (all executives of a private venture capital firm called North American Capital Group) stress that as with any piece of writing the most arresting information should go at the beginning. Thus strategic planning will probably be vital for a start up, the discussion of the market and competitors should assume a prominent *place for a company* with an unrivalled product.

An investment management business would kick off with a section on its management and a business with a new manufacturing process for an established product would concentrate on production and operations.

While there is no rigid format certain elements, they say, should always be included in any business plan: a table of contents (so the investors can get quickly to the section they consider most important); an Overview or Introduction (which sums up the proposal); an explanation of the risks; ways of solving those risks; strengths *and weaknesses of management*, and ways in which they are respectively exploited and minimised, evidence for claims; explanation of product or service; unique selling propositions (what makes your idea special?); discussion of the market (who will buy?); names, strengths and weaknesses of competitors; detailed marketing strategy; and (crucially) financial statements and the assumptions on which they are based.

TIM DICKSON

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Tuesday March 6 1984

Moscow's time for reform

NOBODY could reasonably be expected to sit up late waiting for the results of the Supreme Soviet elections. For the record Mr Konstantin Chernenko, the new Soviet leader, received over 99 per cent of the votes cast, and so did all the other candidates.

It was a different story in Maine where former front runner Walter Mondale was defeated for a second time in the Democratic primaries by Senator Gary Hart, a result which deepens uncertainty over the eventual Democrat candidate and adds fresh uncertainty to the outcome of the U.S. presidential election itself.

New generation

All the more reason, then, the Soviet leaders must be telling themselves, for continuing the cautious wait-and-see policies towards the West which have been confirmed in the recent election speeches made by Soviet leaders.

The pattern which has emerged is that of a collective leadership headed by a group of very experienced men who see their main priorities as grooming a new generation of future leaders, pushing ahead with a series of limited economic reforms and waiting to see whether Western leaders are serious enough about better East-West relations to offer tangible concessions on arms control and related issues.

This may not be a very exciting conclusion, but it is reassuring in its way. For the second time in 15 months the Soviet system has shown itself capable of handling an orderly succession. Mr Andrei Gromyko remains in charge of foreign policy and has repeated that the Soviet Union will only return to the Geneva intermediate nuclear force (INF) talks if Nato withdraws its new U.S. missiles.

Marshall Dmitri Ustinov has pledged to *maintain the military strength and preparedness* of the Soviet forces. Mr Chernenko has said that economic reforms will continue and implied that domestic policies are his main areas of competence.

Barring unpredictable developments beyond Soviet control the Moscow side of the great power balance appears stable. Foreign policy initiatives are unlikely before the U.S. elections. It could be the ideal time for Soviet leaders to turn their attention inwards towards the complex tasks awaiting them at home. This is what appears to be happening.

The key levers of economic power have been turned over to younger men. Mr Mikhail Gorbachev, 52, who seems to be the main rising star, has become the economic overlord in the Politburo and the party central committee.

Responsibility for the military-industrial complex is in the hands of former Leningrad party boss Grigori Romanov, 61. The former Siberian industrial manager Vladimir Dolgikh, 60, is charged with co-ordinating and developing the vital fuel and power complex—including oil, gas and nuclear power.

The limited "economic experiment" introduced on January 1 which brings flexible management methods and payment by results into two all-union and three regional industrial ministries is to be extended into other areas, including service industries.

Mr Chernenko and other leaders appear to agree that the late Mr Andropov's drive for greater labour discipline will continue and that incentives will be provided for those who work harder and more efficiently. They are trying to drive home the message that socialism Soviet-style is not about "false egalitarianism" but about efficiency.

Higher priority

Sceptics have seen all this before. Previous attempts at economic reform have foundered beneath the weight of bureaucracy and inertia. What adds urgency to the current drive is awareness that Soviet raw materials are now more difficult to exploit and that the country risks falling further behind technologically, especially in the military sector. For this reason it is not only economic specialists but the military and top party officials who are now pressing for change.

It would be disappointing, to say the least, if the only result to emerge from economic reform were to be a strengthening of the Soviet military. The best way for the Soviet Union to become more prosperous and comfortable with itself would be to reduce the military burden. A Soviet Union which puts a higher priority on solving its internal economic problems is likely to be a more stable partner on the international scene.

A policy for the environment

NOW THAT western nations have cleaned up some of their worst pollution black spots, they should be doing more to plan ahead for potential pollution problems. That is the message of the latest report from Britain's standing Royal Commission on Environmental Pollution.

The commission finds that, while in some respects the environment has been improved dramatically by control measures, a demand has been created which must be fulfilled. In some cases—agriculture is one—the activity has barely been touched by the trend. But the commission also recognises that pollution can be a more complex issue than campaigners acknowledge: it is "one thread in the tangled web of interactions that is modern society and one which cannot be neatly pulled out, leaving the rest of the pattern undisturbed."

Key features

The commission has already won government support for one guiding principle for a cost-effective policy of pollution abatement. This is the Best Practical Environmental Option (BPEO), which advocates spreading the problem in such a way as to *minimise harm.*

But the commission believes that BPEO needs the support of a second guiding principle if it is to work in practice and maintain pressure to improve the environment. It proposes a way of applying and maintaining such pressure, through a new guiding principle, the Best Environmental Timetable (BET). This is needed to break the vicious circle of "no alternative, so no change."

BET works out the optimum timescale for bringing a new control measure into law without having the harm it may do society outweigh the perceived benefits. Its key features are *anticipation* and *continuity.* It is the guiding principle behind the Government's decision last year to phase out lead in petrol, not instantly because of any dramatic evidence of harm, but gradually because society has recognised that it should—and could—be done eventually.

The time has come, the commission believes, to do something similar about straw-burning by farmers. Agriculture, in its view, is an activity where "we cannot discern clear evidence of the general trend to reduction of pollution." Last summer's special climatic conditions heightened one problem of which the public previously had been over-tolerant.

The commission proposes a ban on straw-burning, introduced now, but to take effect five years hence. Once such a target date has been fixed, there will be real incentive to find alternative ways of disposing of the waste as profitably as possible for everyone concerned. Until such a target is fixed, no one is motivated to pursue such alternatives as using the straw as a fuel, an animal feed, or a soil conditioner—all technically possible, it seems.

BET is a logical and sensible principle which can be turned to national advantage by pointing manufacturing industry in directions where innovation is needed. Government itself, by judicious application of the principle to black spots, can help industry to achieve an international lead in providing remedies.

On the controversial subject of acid rain, where the UK has just come under strong attack from environment ministers in the Nordic countries, the commission takes a cautious stance. It accepts that the case against the Central Electricity Generating Board, the UK's biggest single source of atmospheric sulphur, is far from proven and needs more research. But that is not an excuse for the CEGB to do nothing. At the very least the Board should move ahead with pilot studies on its coal-fired stations of the best sulphur-removing technology available.

The important lesson from the report is that government and industry must take a positive and anticipatory approach to pollution problems, instead of merely reacting to *protests when the damage* may already have been done. The commission picks out electronics and bio-technology as two technologically advanced activities with potentially polluting effects and calls for more research now. There have been many cases in the past where industry has reacted too late to environmental problems and, like asbestos producers, has paid a heavy price.

FROM SHIPS TO CHIPS

Roger Taylor

The old and the new: Govan shipyard on the Clyde (above) and the Rodime electronics plant at Glenrothes (below)

Scotland: a painful rebirth

By Richard Lambert

CORRODING rust bowl or silicon glen? News that National Semiconductor plans to build a £100m production centre for silicon wafers at Greenock on the Clyde emphasises the two contrasting faces of Scotland.

Greenock is dominated by the long empty wharves of Scott Lithgow's offshore construction yards, the fate of which—along with hundreds of jobs—still hangs in the balance. But it is also where IBM makes all its personal computers for Western Europe, and the site of an existing National Semiconductor plant.

Greenock's recent development is a perfect illustration of the enormous industrial and regional shifts which are changing the face of Scotland.

These do not show up in the overall economic statistics. In terms of output and unemployment, Scotland fared better than the rest of the UK in the early stages of the recession, thanks to the resilience of the oil-related industries and the long production cycle of its important capital goods sector.

That trend changed for the worse *a year or so ago, when* buoyant domestic demand across the UK boosted production of consumer and intermediate goods—in which Scotland is weak—and the oil industry slipped temporarily into lower gear.

These bland statistics mask some dramatic changes. The offshore oil and gas industry today directly supports around 60,000 Scottish jobs, with a further 40,000 in partly related activities. But despite the growth of this sector, total employment in the country's manufacturing industry has fallen by well over 160,000 since 1979 to around 430,000 today.

And, while North-East Scotland has flourished in the oil boom, more than 100,000 manufacturing jobs have been lost in the Strathclyde region on the west, the home of traditional industries such as shipbuilding, marine engineering and textiles.

The shake-out is not over yet. Hundreds more workers at Scott Lithgow seem bound to lose their jobs, whatever happens to the yard as a whole. The fabrication sheds at Govan shipyard, which has rebuilt a reputation for efficiency in recent years, are deserted and the yard would have been in serious trouble but for a £30m order which came just over a week ago from the Central Electricity Generating Board.

Out at the Terex factory, ranks of earth-moving vehicles clutter the car parks: General Motors has just bought the business back from the receiver, and is now deciding its future. Further down the road, employees at the Bathgate truck plant wait *nervously* to hear for BL's verdict on their operation.

The Ravenscraig steelworks has won a reprieve, but its managers admit that they are making the wrong product in the wrong place. Thousands of Scottish coal-miners face an increasingly insecure future as the seams become even harder to work and the local market contracts.

According to a recent calculation by Mr Donald Dewar, the shadow Scottish Secretary, the country's endangered industries—mining and quarrying, metal manufacturing and shipbuilding—*still provide as many as* 65,000 jobs.

Yet although this number is certain to fall further, there is little doubt that the worst is over. The bloodletting of the past few years has left Scotland's economy at least as well balanced in terms of the mix of its manufacturing industries and the size of its service sector as most other UK regional economies. The big question now is whether the newer industries which are emerging will be capable of taking root and developing lasting wealth.

The precedents are not encouraging. Scotland has been a graveyard for factories which were meant to bring new industry to the region—such as the Linwood car plant, the Invergordon smelter, the Fort William pulp mill and the Goodyear tyre factory.

It has been given a disproportionate share of regional aid — a quarter or more of the national cake for a region with less than a tenth of the population — but it has too often attracted only branch factories which, like Honeywell in Lanarkshire or NCR in Dundee, were to prove very vulnerable to technological or market change.

Scotland's two best hopes in the manufacturing sector now lie in oil-related activities and in electronics, which employs nearly 40,000 workers. Both have yet to show that they can develop real staying power.

On the oil side, the UK share of offshore supply contracts has risen from 40 per cent in 1974 to 70 per cent or more today. But the UK's involvement has remained low in areas requiring specialist facilities and know-how, such as exploration drilling or pipelaying. Most of the design engineering and project management has been handled by UK subsidiaries of Brown and Root and of McDermott, and there is a large degree of foreign ownership in the yard industry.

In an attempt to develop domestic skills, technology clauses were introduced into the eighth round of offshore licensing last year. These were aimed at persuading oil companies to involve UK research organisations in their new projects. A similar type of arm twisting is under way in the electronics industry, where efforts are being made to tie selective regional assistance to the promise of local research and product development.

This does seem to be having some impact. More than four-fifths of the employment in the Scottish electronics industry is still in the hands of large multinationals, such as Motorola in East Kilbride, NEC in Livingston, or Hewlett-Packard at South Queensferry.

The emphasis is on volume production — Scotland already produces around four-fifths of the integrated circuits made in the UK — but although there does not tend to be much in the way of fundamental research and development, a number of these companies have shown a greater level of technical independence from their parents in recent years.

Regional aid is still a vital ingredient in securing new investment, but others are of growing importance. These include the "demonstration effect"—if it's good enough for IBM, it's good enough for me—and the increasing avaliability of subcontracting skills and facilities. Future Technology Systems, a new UK company making work stations and personal computers at Beith, gets three-fifths of its components from local sources.

Silicon glen is still more of a publicist's dream than reality. Yet there is evidence that the industry is shifting towards a higher level of skills. The Scottish Office reckons that the number of qualified electronics engineers in the industry will rise from 1,900 to over 3,000 between 1979 and 1985, and the proportion of technicians will also rise sharply. Based on this talent, a handful of indigenous companies—such as Fortronics or Rodime—are beginning to make a mark.

In the international battle to attract new investment, a potential source of strength lies in the special character of Scotland's business community. The feature that is most striking to the visiting Sassenach is the close links which exist between the Government—in the shape of the Scottish Office and the Scottish Development Agency—and both sides of industry. These have *not* been weakened by the philosophy of the Thatcher administration, and Mr George Younger, the Secretary of State, has frequently made it plain that he is no slave to the concept of market forces.

Roger Taylor

"The Scottish Development Agency is an invaluable tool," he says. "It does a lot of things which you could never do in government, and which private enterprise is not equipped to do."

In addition, there is a lively financial community, which is built around the big Scottish banks and insurance companies and has flourished on the back of North Sea oil. Everyone involved in Scottish business appears to know everyone else. Entrepreneurs say that what can take months to arrange with London bankers can be settled by a single phone call to Edinburgh's Charlotte Square.

But all this could be as much a weakness as a strength. Vast resources have been squandered by attempts to go against market forces in Scotland, either by trying to defend existing industries like shipbuilding and steel or by bribing new manufacturers to take their place.

There are also inherent disadvantages in being part of a tight network of government, business and labour leaders. When everyone is on everyone else's board, for instance, you rock the boat at your peril. The Weir Group had to be brought almost to its knees before it was reorganised.

Yet attitudes are changing. In the matter of regional policy, for instance, there is a general recognition that putting money into job-creating dinosaurs was a mistake, and that the same *applies to such projects* as Sullom Voe or Mossmorran, which would have come to Scotland anyway. Mr Younger thinks that regional aid should be more selective in future, and most Scottish businessmen agree with him.

Typical of the new approach is the changed role of the Scottish Development Agency. The object of much-deserved criticism a few years ago, it is now successfully working in partnership with the private sector. On average, indeed, private institutions put up almost 80 per cent of the capital involved in agency-backed projects.

"We put a touch on the tiller, steering in the direction that the market wants to go," says Dr George Mathewson, the chief executive. "We do not want to move against market forces."

The agency aims to identify areas in which Scotland has resources to exploit — such as *electronics or forest products* — and then puts together custom-made packages of finance, property and contacts which help new projects get off the ground. Its goals have become more modest over the years, and its chances of achieving them have increased accordingly.

On a broader scale, the same applies to Scotland as a whole. Oil development work is starting to pick up again, and the electronics industry, which since 1979 has been increasing output at an average rate of 12 per cent a year, is set to accelerate.

The news of big new projects at Hewlett-Packard and National Semiconductor is likely to be followed by announcements of further large developments which have been in the offing for some time and are now nearing agreement.

The new industries which are developing in Scotland are not filling the gaps which have been left by the old. They are different in terms of skills required, of numbers employed, and frequently also of location. But in a piecemeal and often painful fashion, the beginnings of an industrial transformation are starting to emerge.

WORLD CAR MARKETS

In a feature published on Page 30 of yesterday's paper, the headings on the UK and U.S. tables were transposed so that totals for 1983 were shown under the 1982 headings and vice versa.

Men and Matters

A share in space

John Hodge emigrated to North America well before the phrase "brain drain" was coined, let alone became a recurrent political issue.

The Essex-born graduate of Northampton Engineering College left a job in the aerodynamics department of Vickers Armstrong at Weybridge in 1952 for Canada and then the United States.

Hodge was back in London yesterday as head of the special team at Nasa, the American space agency, which is planning a space station for the 1990s. With other Nasa officials he is touring Western Europe and Japan in an effort to persuade other nations to foot some of the bill for the heavenly hardware.

Aged 55 and an American citizen, he has returned to Britain only occasionally in the past 30 years. "Nothing much has changed," he says a bit ambiguously, in an unchanged English accent.

He spent much of yesterday in discussions with British government officials about the space station plans. "It would please me greatly if Britain decided to join the programme," he says.

Hodge and the rest of the Nasa team were denied a chance to impress Mrs Thatcher with their arguments. She was engaged in talks with President Mitterrand.

But the Nasa party will meet Mitterrand, himself, in Paris; and later will have talks with the Italian Premier Bettino Craxi, and the Japanese Prime Minister, Yasuhiro Nakasone.

Yew turn

A photograph of a group of senior business executives tying a yew branch to a factory chimney recently during the "topping-out" ceremony of a new plant built at Horsham for A. H. Robins, the drugs company, has excited curiosity. Why were they doing it?

Their behaviour has even attracted the attention of the Pharmaceutical Journal which admits it enjoys delving into the origins of public confidence in botanical cures, stimulants and nostrums.

In the case of the yew branch the declared aim of the executives was "to ward off evil spirits," says the journal.

A statute of King Edward I dated 1307, and never repealed, warns rectors not to remove yews from their churchyards lest the church itself should suffer.

Smoke-screen

Smoking pot will get you into trouble with the law in most places—in Korea, smoking a cigarette with a foreign brand name is enough.

In a recent Government crackdown, *over 400 people* were fined for illegal possession, smoking or selling foreign cigarettes. Prominent politicians, public servants, journalists, bank officials, entertainers and businessmen were caught in the dragnet and had their names passed on for reprimand by their organisations.

Fines can range from 50,000 won to 1m won (\$62-\$1,250)—quite hefty penalties when set against the Korean per capita gnp of \$2,000.

Behind the campaign is the Social Reform Commission, a watch-dog group that promotes "proper" ethics for a society that some Koreans feel is becoming far too interested in the trappings of the Western world. The SRC receives complaints and information from upright citizens who catch their neighbours breaking laws.

Koreans are heavy smokers, but the Government's Office of Monopoly has the exclusive right to stoke their habit with *domestic brands.*

Only two exceptions are allowed. Koreans returning from abroad are allowed to bring in one carton of foreign cigarettes, and given 10 days to smoke them.

The law also permits a Korean to accept an imported cigarette *during a meal or meeting with* foreign businessmen. But, of course, he should not ask for a smoke.

"Good morning, I'm from the Treasury— I've come to read the gas-meter"

Star Wars

The Michelin good food guide has, for the second year in succession, provoked a gastronomic storm in Paris—where they take these matters seriously — by removing a star from one of the city's most celebrated three-star restaurants.

The new victim is Lasserre, the luxurious restaurant with a roof that opens to the sky, sited in the elegant eighth arrondissement. The treasured star has been cut from the *1984* issue of the guide due in the bookshops shortly.

The Michelin judges took a star away from another venerable Parisian eatery, the Grand Vefour, last year.

The latest decision is seen as reflecting the increasingly critical approach of the judges towards the great traditional *French haute cuisine restaurants.* Many bons viveurs have felt in the past that the judges have tended to be too conservative, and often overawaed by the reputation of long-established three-star restaurants.

Bank balance

Have the odds changed in the race for the top job at Barclays when it merges its international and domestic parts?

As I reported when the Bill to make the whole thing possible was put before Parliament last year, the favourite was John Quinton, the senior general manager of the domestic arm. But he may be yielding ground to Peter Leslie, until recently Quinton's opposite number on the international side, and now in charge of group finance.

Cetrainly Leslie got a boost at yesterday's press conference on Barclay's 1983 results. It was he, and not Quinton, who sat on the right of Sir Timothy Bevan, the chairman.

I am told we should not read too much into that: Leslie outranks Quinton in years of service, and anyway Bevan has not yet made up his mind. But I understand betting inside the bank favours Leslie, who is as urbane as Quinton is down-to-earth.

Postscript

The lifeboat was called out to a yacht in trouble in dirty weather. The coastguard, trying to get the yacht's exact location, called it on the radio. "What *is your position? Repeat, what* is your position?"

And the answer came, faint but determined, from the skipper: "My position . . . well, I'm the marketing director of a medium-sized computer software firm in the east Midlands." — From "All at Sea" (Fontana £1.95) published in aid of the *RNLI.*

Observer

Letters to the Editor

Unfairness in the tax system

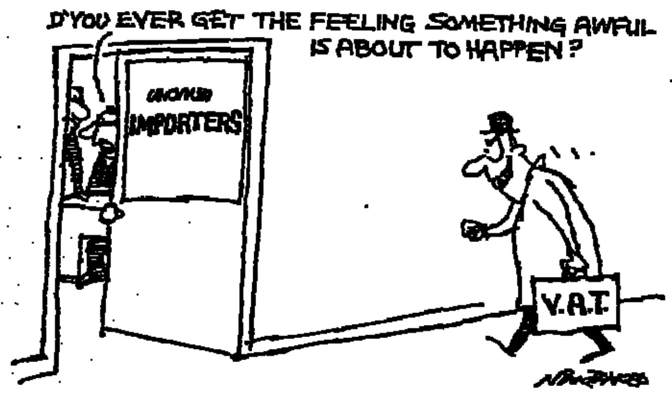
From the Secretary General, The Building Societies Association

Sir,—In the Lombard column of March 2 Clive Wolman said quite correctly that building societies have largely attributed the increase in their management expense ratio over the years to inflation, which has a direct effect on their management expenses but only a very indirect effect on their assets. The management expense ratio has indeed risen from 88p per £100 in 1970 to 130p in 1982. Your correspondent was told by this office that the estimated figure for 1983 was 125p, and that a further decline in the current year is confidently forecast, but that was not printed.

Mr Wolman suggests that the reduction in management expense ratios should be "more than enough to offset the extra tax charge." One is entitled to some quantification of such effects! In 1983, the additional tax charge would have required approximately 0.6 percentage points on the mortgage rate. There is no way that any such additional tax charge can be met by a reduction in the management expense ratio. Certainly, the falling management expense ratio over the next few years will be reflected in either higher investment rates or lower mortgage rates, but certainly not by enough to offset the increase in taxation.

Building societies do not accept that they have had any unfair tax advantage with respect to their holdings of gilt edged securities. The Government has issued such securities with the tax position of building societies firmly in mind, and it is not easy to accept that the rules of the game should suddenly be changed without warning.

Richard Weir.
3, Savile Row, W1.



VAT on goods at Customs

From Mr J. Raven

Sir,—One can only hope that Max Wilkinson is pessimistic in his view (March 1) that the Chancellor may blot his Budget copy-book with a provision that VAT must be paid as goods pass through UK Customs points. Such a degradation of the present relaxed and efficient UK system for delayed payments of VAT would not only be bad in itself but must cut away all the arguments the Government has been deploying in favour of similar simplicity for our exports passing other EEC frontiers.

Everyone, except possibly the Chancellor, will lose from such a change in Customs arrangements. The large companies who currently operate delayed VAT payment through sophisticated computer systems will have to carry out expensive alterations to these and downgrade all their physical distribution timetables. Forwarders, carriers and ports will have to cope with extra delays or build the expectation of these—and associated costs—into their operational and charging arrangements. Small businesses will see such a VAT procedure as yet another unnecessary and sterile deterrent to EEC trading. The total bill for actual and expected delay will fall on the consumer.

On the political level it is difficult to see how Sir Geoffrey Howe and Mr Norman Tebbit can possibly sustain their current vigorous campaign against frontier procedures and documentation in the Community as a whole if we take *this very public step backwards* in our own arrangements.

It makes no sense for the Chancellor to be stumping up over £1½m a year for the SITPRO board if its formal remit—the simplification of international trade procedures—is to be so flagrantly sabotaged by his own department.

John Raven.
World Trade Centre, E1.

From Mr P. Johnson

Sir, — It is a pity that you departed from your usual standards of objective comment in your article (March 1) on possible changes in VAT on imports. The suggested move would not be discrimination against imports but rectification of the present incomprehensible discrimination against home products which is built into the postponed accounting system.

The "mass of practical difficulties associated with collecting *VAT at the point of entry*" has been broadly overcome by other countries in the EEC in the past (barring Customs strikes), and must be minimal beside collection from the hundreds of thousands of registered traders.

The advantage of the change can be measured not only in accelerated cash for the Treasury but also in the unemployment statistics. No other country in the world would be so crass as to subsidise the export of jobs in this manner, and in this at least we would do well to conform with the practice of the rest of the EEC.

P. Johnson.
Nether Underwood, Symington, By Kilmarnock, Ayrshire.

From the Financial Director and Company Secretary, RK International Machine Tools

Sir,—While I agree with Mr Daurls's comments (February 23) I would point out that there is another (short-term) beneficiary of the proposal that importers pay VAT on entry—the tax man. As probably 99.99 per cent of importers will be registered for VAT, they will, in due course, be claiming back the VAT they have paid on entry. In the meantime they will have given the tax man an interest-free loan for a period of 14-104 days (at considerable cost to themselves).

This company exports a lot of machinery to Ireland, where such a system operates and we have our own subsidiary in Ireland to handle these exports. It costs the subsidiary a lot of time and money to comply with the system and reduces their buying power from time to time by considerable sums. I have spoken to many businessmen in Ireland who all agree that it is a stupid system and that the Irish Government's only reasons for imposing it were that it gave it a constant source of short-term, interest-free loans and it artificially created a few extra jobs.

It has had a detrimental effect on all Irish business (not just the importers who will, wherever possible, endeavour to secure immediate payment of the VAT element from their customers) and, therefore, a detrimental effect on the Irish economy.

We are not an island unto ourselves, even our most efficient manufacturers probably have imported goods in use in their factories and offices. Surely it is obvious to even our bureaucrats that such a system would be yet another artificial hindrance to our economy and in the long term would not even benefit them.

J. W. Larkman.
Europa Trading Estate, Fraser Road, Erith, Kent.

Only the bald facts, so far

From Mr A. Stalbow

Sir,—I noted in the Business Summary (March 1) that a farmer had sprouted hair after having been licked by his cow. We are most interested in purchasing this cow, subject to our receiving positive answers to the following questions.

Did the hair which sprouted relate more to human hair or that of fur? Is this phenomenon repeatable? Assuming hair of the human kind results, will it be of one colour only or is there a choice? Will the cow operate successfully outside of its normal habitat? Is there any evidence to suppose that these exceptional powers can be passed down to its progeny?

As I represent a commercial syndicate which would like to ascertain the fall back position, may we also assume that the cow is still of milk producing age and, if so, how many years does it have left?

We would be more than happy to correspond directly with the farmer in question should you feel this more appropriate and I trust you will not consider me too bold or presumptive in posing the above questions. Unfortunately to date we only have the bald facts.

A. D. Stalbow,
69 Upper Thames Street, EC4.

New copyright legislation

From the Director General, British Phonographic Industry

Sir,—Following the useful contribution made by John Chittock and Jason Crisp to the debate on a blank tape royalty, you have (February 28) published a letter from the Tape Manufacturers Group's public relations advisers claiming that home taping helps record sales.

What has recently helped record sales, and largely saved British record companies is the unparalleled success in exporting and in particular to the U.S. where we have about one third of the market. Even with this success abroad, record factory closures have reduced our domestic manufacturing capacity by over 30 per cent in the past four years, while audio blank tape imports coast along around the 80m mark per annum. I find it hard to see how blank cassettes can help the British music industry when the vast majority are designed to neatly accommodate the playing time of two LPs.

Any royalty would constitute payment for a valuable commodity, British produced music, for which people are prepared to pay. A recent independent survey by BMRB showed that a significant majority of people who copy music at home think it is fair that a proportion of *the money paid for blank tapes* should go to copyright owners.

The record and other entertainment industries which have proven their success in the international markets need new and fair copyright legislation and not convoluted explanations from the importers of blank tapes on how they help record sales. We can look after those sales ourselves.

John Deacon.
Roxburghe House, 273-287, Regent Street, W1.

Repercussions at the BBC

From Mr B. Gibson

Sir,—I was surprised that Christopher Dunkley (February 25) made no mention of the saga of "Yesterday's Men" in his otherwise well-informed appraisal of the BBC. "Yesterday's Men" was the current affairs programme which brought the BBC into direct conflict with Harold Wilson and internally the repercussions ripple on still in the form of today's undoubted malaise. It was an undeniable watershed.

I was a senior producer at Lime Grove both pre- and post-"Yesterday's Men." Before it, Lime Grove was an adventurous, well-led place. Afterwards, real journalists became personae non grata at the behest of a new management which replaced genuine inquiry with chat shows and pap.

There was bound to be a lowering of journalistic standards and that progressed, with the departure of many good people, right through the 1970s. Fourteen years later it is hardly surprising that the public perception of the BBC is changing. It has been evident for a decade.

In all of that time the BBC has complained that programmes are suffering through inadequate licence fees. That is simply not so. Good ideas do not cost money.

Not a single original programme has come out of Lime Grove since Nationwide started in 1969.

The BBC's real need is for people who know what they are doing. The way it has frittered away its available talent in the name of political balance is a national scandal.

Brian Gibson,
Mass Consultants and Services, P.O. Box 2064, Safat, Kuwait.

The boom in barter trade

From Mr N. Mellor

Sir,—I have read with interest your timely article (February 29) on the barter boom. With the recession in industrial countries, bank credits being limited or unavailable, it is vital that East European and developing countries find new ways of promoting their exports in order to pay for their imports.

For British companies fighting hard to generate business overseas it is easy to conceive countertrade as yet another pitfall of the export market. But if a solution can be offered to the customers' financial problem as well as a competitive product, it can provide a much needed edge over the competition. Just as companies invest in developing the product, surely there is a need to invest in the development of more imaginative trade arrangements which will reduce the developing country's need for ever increasing credit facilities. For countries already stretched by the servicing of their debts, countertrade can provide a way of developing their export market through access to the sophisticated marketing channels of Western companies and act as a stop-gap until there is an upturn in the world economy.

N. E. Mellor.
Cold Norton, Kidmore End, Reading, Berkshire.

Enormous discretionary power in the hands of the Inland Revenue

From Mr E. Henbrey

Sir,—For a tax practitioner it was hard to conceive that the House of Lords' decision in the case of Furniss v Dawson could be anything but an ill wind. In the event it has sparked an interesting and thoughtful correspondence in your columns culminating in your editorial (February 24) which, quite rightly, focused on the unsettling comments of Lord Scarman, who arrogated unto the judges the task of making the law on what he chooses to call "acceptable tax avoidance," but who in the real practical world has merely placed enormous discretionary power in the hands of the Inland Revenue.

Similarly, the recent assault by the Inland Revenue on the building societies and their gilt transactions has focused attention on the arbitrary way in which it appears to be not only applying the present law (Professor Myddelton, February 28) but, as Mr Line (same day) observes, in apparently leading Ministers on changes in the law.

There are two other major initiatives which are currently being promoted vigorously by the Inland Revenue in the hallowed crusade against tax avoidance. They will both impose a tax penalty on forms of overseas investment of which the IR does not approve and so will restore a limited form of the exchange control that the Revenue was sorry to see abolished in 1979. One has been with us since early in 1981 when the Revenue issued its first proposals for taxing income accruing in tax haven companies owned by UK resident companies. One can only admire the Revenue for its persistence in having since produced three sets of detailed proposals, none of which is much different from the original, but which seem steadily to have persuaded many that the latest version is so far removed from the original as to be acceptable and no longer worthy of further discussion. This is far from so. The structure of the draft legislation — which one must assume is set for inclusion in the forthcoming Finance Bill — continues to raise far-ranging matters of principle about the taxation of overseas income. All UK companies with overseas associate and subsidiary companies, not simply those that have set up obviously avoidance motivated subsidiaries, may be affected by it and will certainly have to give consideration to it.

The second initiative is the attack on the roll-up funds. Surprisingly, the Inland Revenue appeared to have conceded victory to the roll-up funds early in 1983, but when later in 1983 it was directed by Ministers to set to, it did so with a will. *The result is that we now* have draft legislation that does not simply counteract the rolling up of income in offshore funds, but in many cases is likely—because of the arbitrary limits and restrictions contained within it—to turn capital gains realised by bona fide investment companies into taxable income in the hands of UK resident investors. Let no one believe, as perhaps Mr Line does, that the recently announced relaxations of the rules for roll-up funds are going to solve many problems; even the venture capital funds do not yet appear to be out of the wood. If a venture capital fund judged that a company in which it was investing was ailing to the point that it could be saved only by the fund taking full control, then the taking of that control, although for the benefit of both the company and the investors in the fund, would serve to deny distributor status and convert capital gain into income.

I become more and more convinced that the Inland Revenue, like Lord Scarman, has decided that the making of tax law cannot safely be left to Ministers and to Parliament and it is probably not too sure of Lord Scarman—else why should it need this new legislation post Dawson? In 1982, nettled by accusations that they were not in control of the Inland Revenue, Ministers attempted to show that they had taken charge of the tax haven legislation. How disappointing it was to see, when the next announcements were made in 1983, that they appeared to have failed and that the Inland Revenue protestations—that the fundamental changes proposed by practitioners are either impracticable or would leave large loopholes—have prevailed.

E. J. Henbrey.
40, Corringway, Ealing W5.

International bond markets

U.S. Treasury time-bomb

By Mary Ann Sieghart

THE U.S. TREASURY is sitting on a political time bomb. Whatever it does, there is likely to be a nasty explosion. Yet the *American public still* knows next to nothing about it.

The immediate question is the level of domestic mortgage rates and whether the Treasury is keeping them artificially high by preventing the huge Federal National Mortgage Association (Fannie Mae) from borrowing more cheaply overseas.

Yet allowing Fannie Mae to raise money abroad would cause political ructions in Washington and the other solution—backing a tax Bill currently going through Congress which would broaden foreign investors' access to the domestic bond market—lays it open to the charge of helping foreigners to evade tax.

It could also have a *significant* effect on the international capital markets and particularly London as a centre for the Eurodollar bond market.

Unlike Europe, the U.S. has a secondary market for mortgages. Instead of just recycling savings into mortgage lending, the U.S. "savings and loan" (or S and L) institutions, the equivalent of our building societies, resell their mortgages to organisations like Fannie Mae, which packages them and sells them to investors.

Fannie Mae, in turn, has to borrow the money to buy these mortgages from the savings and loans. It is the second largest borrower in the U.S. bond markets after the Treasury itself; last year, it raised no less than $40.4bn.

The rate at which France Mae can borrow money determines the price it can pay when it buys mortgages. This, in turn, determines the mortgage rate.

Americans have been burdened by high mortgage rates *for the last four years.* But Fannie Mae has discovered that it could raise money at a lower rate by borrowing abroad in the Eurodollar bond market and could pass that saving on to the the U.S. consumer. The only problem is Donald Regan, Treasury Secretary will not allow it.

Mr Stuart McFarland, *chief* financial officer of Fannie Mae, thinks he could save nearly one percentage point on his interest payments by borrowing in Europe.

But as legislation stands neither Fannie Mae nor any other U.S. borrower can issue a Eurobond directly, because there is no withholding tax on Eurobond interest payments, and such tax-free bonds cannot be issued out of the U.S. Other U.S. private corporations get round this by issuing their Eurobonds through a finance subsidiary based in the Netherlands Antilles.

But hte Treasury claims that allowing an organisation like Fannie Mae, which has links with the Federal Government, to do this would put it in an awkward position because it is in the middle of renegotiating its tax treaty with the Netherland Antilles.

Blocking Fannie Mae may not seem to be in the Treasury's best interest. After all, a Federal budget deficit of about $180bn will have to be financed through the U.S. domestic bond market this year. If Fannie Mae, which is also competing for savers' money to the tune of $40bn, could raise some of that abroad, the Treasury might not have to pay quite so much to entice investors

However, there is one possible solution that might let the Treasury off the hook

Two relevant Bills are currently before Congress. The first is sponsored by Representatives Barber Conable (New York Republican) and Sam Gibbons (Florida Democrat), and Senators John Chafee (Rhode Island Republican) and Lloyd Bentsen (Texas Democrat).

The Bill would allow foreigners to buy U.S. bonds without having 30 per cent of the interest payments withheld at source by the U.S. taxman. This would open the U.S. bond market to foreign investors, most of whom currently prefer the Eurodollar market where there is no withholding tax at source.

If U.S. borrowers could have access to Eurobond investors by issuing bonds directly out of New York, they would not need a *Netherlands Antilles* subsidiary.

This could apply to U.S. Treasury bonds, too. Given the increasing demands the deficit will make on the domestic bond market, and the fear that the dollar may weaken this year, it is not surprising that the Treasury is backing this Bill. Mr Manuel Johnson, Assistant Secretary for Economic Policy at the Treasury, says: "We are trying to deal with a substantial Federal deficit, so the more capital comes in from abroad, the less pressure there is on interest rates in the U.S."

The effect on the Eurodollar bond market might well be significant. U.S. issuers accounted for 16 per cent of the market last year and 28 per cent in 1982. If their bonds were issued from New York instead, European investment banks could lose a good deal of their business.

The centre of the Eurodollar bond market is now the City of London. Some bankers fear *that it could move increasingly* back to New York if the Gibbons-Conable Bill were passed.

In supporting the Gibbons-Conable Bill, the Treasury is up against some powerful political opposition.

First, there is the AFL-CIO —the U.S. trade union organisation. It is worried that increased capital inflows to the U.S. could force up the value of the dollar, making U.S. goods less competitive abroad

Then there is the argument that the Bill would make it easy for both U.S. residents and foreigners to evade tax.

But the main opposition is an emotive one. First, it is difficult to persuade Congress that any taxes should be cut in a year of record Federal deficits.

And second, as Mr Bruce Thompson, Assistant Secretary for Legislative Affairs at the Treasury, puts it: "There is a reluctance to giving what many view as a tax break to European investors."

Though both the Treasury and the Securities Industry Association (which represents all the major Wall Street investment banks) prefer the Gibbons-Conable proposal, they realise that a second, more moderate, Bill put forward by Representative Doug Barnard, a Georgia Democrat, may have more chance of getting through Congress. It is even being supported by Congressman Gibbons himself, as a second-best solution.

This Bill is aimed only at the Netherlands Antilles problem. It would allow U.S. borrowers to gain access to the Eurobond market without having to use an Antilles subsidiary.

But this would not open up the domestic bond market to foreigners on a tax-exempt basis.

Many supporters of the Gibbons-Conable Bill are leaning towards the Barnard proposal, purely as a matter of expediency.

The irony is that all this legislation may have missed the boat, at least in the current economic cycle. If the dollar continues to weaken, investors may move into other currencies, narrowing the market for Eurodollar bonds and making their rates rise relative to those in the U.S.

Meanwhile, Congress is considering both Bills. But that does not solve the vexing question of mortgage rates. The Treasury still refuses to promise that it will let Fannie Mae *finance abroad if and when that* becomes possible.

Mr Doug Bibby, a Fannie Mae senior vice-president, concludes ruefully: "It's an economic issue on the one hand and a political, philosophical issue on the other. We just hope that the deficit does not stay at this level and crowd the housing industry out."

Donald Regan (right), the U.S. Treasury Secretary, whose department will not allow Fannie Mae to raise money at a lower rate by borrowing abroad in the Eurodollar bond market

FINANCIAL TIMES
Tuesday March 6 1984

Jurek Martin considers how foreign companies can protect interests in Japan

Lessons from Osawa's collapse

THE COLLAPSE of J. Osawa, the medium-sized Japanese trading company specialising in importing high quality consumer goods, has raised the question of what foreign companies can do to protect their commercial and legal interests in Japan.

Bankruptcies in Japan, a nation of small businesses, are common, currently averaging more than 1,000 a month. But those with foreign implications remain relatively rare.

In 1977, Ataka, another trading house, went under but was mostly absorbed by the larger C. Itoh with virtually no adverse effects. One former diplomat in Tokyo recalls handling only one or two such cases a year, most of them small and involving bankrupt agents and licensees.

But several foreign companies and embassies report inquiries from home-based suppliers to Osawa, asking for advice not only on whether outstanding accounts will be paid, and if so by whom and when, but also what is likely to be the fate of those goods already physically in Osawa's inventories.

The greatest concern has been expressed by smaller foreign suppliers to whom Osawa was an important customer.

But some of the larger manufacturers of prestige goods are also concerned that their products' reputation is not harmed by being resold to "back street" retailers in Japan at "fire sale" prices. Osawa has been a handler of clothes, sporting equipment, china, wines, kitchen and household appliances and precision instruments from some of the best known quality European and U.S. companies.

One constant piece of advice derived from a survey of local embassies and company offices is of the need to hire a Japanese lawyer.

Japanese bankruptcy law does not discriminate against foreign claimants, but it does, like the rest of the Japanese legal process, grind slowly. As a result, even the big foreign companies in Japan rarely have recourse to the law.

The Japanese approach to insolvency is to try and keep companies going, in some form, rather than see them fold. In the Ataka case, this worked to the advantage of Short Brothers of Northern Ireland, which was able to maintain as agent for the Skyvan maritime surveillance aircraft, Ataka's aviation division, which was spun off into a separate company outside C. Itoh's control.

In the Osawa case, it is understood that the company voluntarily contacted some suppliers, at least one of whom had a shipment almost en route, to advise on the situation. The Japanese Government's foreign offices, such as Jetro, may be of some assistance.

For the affected foreign company in the Osawa case, the principal task is to find alternative Japanese buyers as quickly as possible. Here the intelligence provided by embassies can be useful; every reputable diplomatic mission in Tokyo is capable of giving such guidance. But it is not clear what will happen to those goods now counted as Osawa assets.

It should also be borne in mind that Osawa is an atypical trading house in that it tended to keep exceptionally – and in the end intolerably – large inventories on hand. Thus its collapse probably has no broader message unless it is that the Japanese consumer may be becoming a little more cost-conscious and a little less enamoured at high-priced, high-cachet imported items.

JAPAN LINE, the world's second largest tanker operator, announced yesterday that a consortium of creditor banks led by Industrial Bank of Japan has agreed to its restructuring plans. The company had faced being delisted from the Tokyo Stock Exchange because of its accumulated debts.

Mr Tooichi Owada, Japan Lines managing director, told a press conference that the company had set up Green Shipowners, capitalised at Y600m ($2.63m) in mid-February, and had transferred to it control of 10 of its 33 large tankers, and of one tanker owned by an overseas subsidiary.

Under the agreement, the banks will freeze interest payments for four years on loans worth Y50bn and will provide four years' grace for repayment of the principal.

Recession in the tanker market has led to Japan Line accumulating a deficit of Y32.6bn at end-September 1983, compared with its capital of Y34.5bn.

Reuter

THE LEX COLUMN

Barclays issues a charge-sheet

Unless today's preliminary banking figures contrive somehow to bring Britain's monetary aggregates comfortably within target, a legitimate argument for cutting base rates will be hard to advance. But, since a budget brimming with brand new targets is almost upon us, the last thing in the market's mind is legitimacy. Yesterday the discount houses were jealously guarding their bills, forcing the Bank of England to provide two-day assistance, and inter-bank rates dropped another notch. The Bank is not complaining. Sterling is performing very sweetly and the gilt-edged market is well primed for Wednesday's short tap.

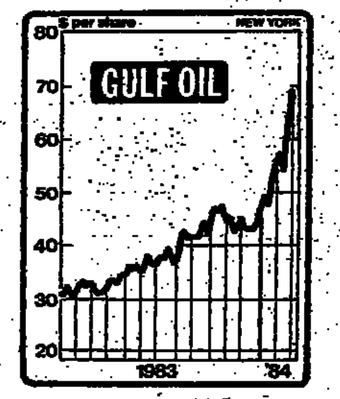
Barclays Bank

It is hard to drive away suspicions that the Barclays accounts have been drawn up with an eye to dissuading the Chancellor from inventing any tax reforms which might weigh on the profits of the clearing banks. As if to demonstrate that banks are already taxed quite heavily enough, Barclays has bumped up its provision for tax by almost 50 per cent. It has also picked its moment to emphasise the fragile quality of banking profits – and assets – by setting aside practically £500m against dubious debts, a provision which is enough by itself to dwarf the total bad debt charge of the London clearers only a couple of years ago.

This year's £45m increase in the amount of loans actually written off, added to the rising level of specific provisions has reasonably enough persuaded Barclays that the overall quality of its loan book had fallen enough to warrant a general provision of £85m – £80m more than in 1982.

Meanwhile, the equipment leasing market on which Barclays – in common with the other clearers – has been relying for its shelter against corporation tax, undeniably turned rather difficult in the second half of 1983. Barclays may not have been alone in finding it difficult to write enough profitable leases to maintain a low effective tax rate. If the budget were to contain an attack on capital allowances there could indeed shortly be a lot of unprovided tax suddenly crystallising in banks' balance sheets.

In themselves, Barclays' trading results were much as expected: pretax profits of £557m for calendar 1983 and a 9 per cent dividend increase were sufficient to keep the shares in place at 522p. But the old trick of widening retail spreads as interest rates fall does not seem likely to keep banks in clover for many years longer.



Gulf Oil

Gulf Oil's medieval version of the U.S. cavalry had any number of white knights charging along the horizon as its directors sat down yesterday morning to discuss the company's future. Gulf appears to have sent for the cavalry last month rather than resort to some of the less chivalrous tactics which a more determined management might perhaps have tried to resist the sorties of Mr T. Boone Pickens. The rescue seems bound to end with Gulf's disappearance as an independent company but it is hard to fault the logic of its capitulation.

Last December's vote in favour of a Delaware reincorporation was undoubtedly a setback for Pickens. But his group of investors still retained over 13 per cent of Gulf's equity, accumulated it seems since about last August. Above all, Pickens earlier this year persuaded Penn Central to help him finance his $853m partial tender offer for another 8.2 per cent, opening up the way for him to a place on Gulf's board.

Gulf's traditionally conservative management cannot have relished the prospect of renewed battles on these terms. Pickens could press directly for major changes in the asset structure and resistance to his royalty trust idea – which Gulf thought it had blocked last December – would have grown increasingly difficult. The huge trading volume in Gulf shares recently points to a large proportion of holders in search of short-term profits, while Pickens has apparently continued to press his case avidly with Gulf's major institutional shareholders.

Instead, Gulf has decided to give itself up quietly, at a prospective take-over price of perhaps $70-$80 per share which ought to please its own shareholders as much as those in the Pickens camp – and against a political background which on balance remains favourable. Whether anti-trust considerations could yet intrude, though, might depend to some extent on the identity of Gulf's successful bidder. Atlantic Richfield and Gulf would emerge into a $42bn giant but this could easily be acceptable in the wake of the Texaco/Getty merger. Less clear would be the position, say, of Mobil which was last night keeping its options open on a hostile bid. It might still be rash to assume a quiet departure for Gulf.

Novo

Novo Industri has Wall Street and London to thank for the astonishing performance of its share price over the past four years. More recently, however, Wall Street sentiment has turned against high-growth stocks, particularly those of the Scandinavian pharmaceutical variety. Last week's impressive figures from Pharmacia of Sweden helped to restore a little of the bygone glamour but Novo's share price was still standing yesterday almost a quarter below its September high – at a humble £188.

Novo may feel justifiably bemused that its preliminary 1983 results made virtually no impression on the share price. Pre-tax profits rose by no less than 37 per cent to DKr 936m on the back of strong volume growth in both enzymes and insulin. Roughly DKr 100m of the advance was attributable to exceptional financial items, including the crediting of unrealised investment gains, but the underlying 40 per cent improvement was still not to be sniffed at.

The company has ample scope to expand its U.S. market share in insulins – with a higher margin mono-component product and, while its starch enzymes may be facing tougher competition, the sweetener market will more than compensate. Once a stock market darling, the shares now rest on a prospective multiple in the low teens. There's no accounting for fashion.

Murdoch interim profits up 65%

By Michael Thompson-Noel in Sydney

NEWS CORPORATION, one of the world's biggest publishing concerns, and owned by Mr Rupert Murdoch, scored a 65.7 per cent improvement in interim net profit for the six months to December 31 from A$31.5m to A$52.3m (U.S.$49.2m).

Pre-tax earnings rose from A$47.1m to A$74.9m on turnover 22.1 per cent higher at A$872m.

Directors of the company said that the strong profits growth in the six months reflected "worldwide improvement" in group operated earnings.

They cautioned, however, that although full-year earnings for the period to June 30 would be higher than for 1982-83 (A$86.9m), the rate of increase in the second half was unlikely to match that of the first half.

Growth was slightly slower at News International, the subsidiary that owns The Times and The Sun newspapers in London. Pre-tax profits rose 52.4 per cent from £12.2m to £18.6m ($27m) on turnover up from £194.7m to £223.1m. Taxation in the UK and overseas was £6m against £4.5m.

The result excludes extraordinary debits totalling £32.2m (£1.8m) after tax for costs arising from the decision to postpone satellite operations in the U.S., and for unfavourable currency movements.

News Corporation's net profit excludes extraordinary charges of A$3m from foreign currency transactions. Extraordinary charges in the same period last year were A$27.2m.

As announced, the interim dividend is a steady 5.5 cents a share. Interest charges in the first half were A$30.5m (against A$28m); tax took A$2.2m (A$14.7m); and depreciation was A$13.3m (A$10.8m).

Earnings per share rose from 42 cents to 77 cents on total shares, including News International's special dividend share.

News Corporation publishes more than 80 newspapers and magazines in Australia, the UK and U.S., with a combined circulation of 60m a week. It is also involved in book publishing, TV, films, energy, commercial printing and air transport, and is manoeuvring for an enlarged stake in Warner Communications of the U.S.

● **Our Financial Staff writes:** Thomson Newspapers, the North American newspaper publisher owned by Thomson family interests boosted 1983 operating net earnings from C$99.4m or C$2.01 a share to C$126.1m (U.S.$101m) or C$2.55 on revenues up from C$666.5m to C$705.2m.

Stock markets, Page 31

Syria jubilant over Gemayel's renunciation of pact with Israel

BY NORA BOUSTANY IN BEIRUT AND OUR MIDDLE EAST STAFF

SYRIA yesterday rejoiced over Lebanese President Amin Gemayel's renunciation of his country's May 17 pact, which called for all foreign troops to withdraw and for an end to belligerency between the two countries.

Syrian President Hafez Assad told Mr Gemayel by telephone that yesterday's renunciation of the accord by the Lebanese cabinet was "a victory for the Lebanese and Syrian people, as well as to the entire Arab nation."

Renunciations of the U.S. and Israeli-sponsored pact followed prolonged pressure by Syria, which still has troops stationed in Lebanon, on the Gemayel regime and its reconstituted army through support of the mainly Moslem opposition forces in recent civil war. Israel still occupies the south of the country.

Israel denounced yesterday's move as a surrender to Syrian dictates but also made clear that it wanted to maintain contacts with the Lebanese Government. Mr Yitzhak Shamir, the Israeli Premier, said the pact had been scrapped under duress. The move represented a death sentence for Lebanon's sovereignty and proved the powerlessness of the Lebanese Government to prevent the south of the country from reverting to a base for Palestinian guerrillas, he said.

Israeli officials said there had been "some feelers from the Lebanese about relations," but yesterday morning Israeli aircraft again struck at alleged Palestinian guerrilla bases in the town of Aley in the hills to the east of Beirut.

Mr Marwan Hamadeh, an aide of the Mr Walid Jumblatt, the Druze opposition leader, said that both he and Mr Nabih Berri, the Shia chief, had told their forces to abide by a ceasefire.

The national reconciliation conference of all the Lebanese warring factions will probably resume in Lausanne next week, the Swiss Foreign Ministry said, but no date had been set. The talks adjourned in November after a previous ceasefire collapsed.

Fierce Syrian-backed opposition, the collapse of the Lebanese army's cohesion because of sectarian differences, the pull-out of the U.S., British and Italian contingents of the peace-keeping force, left Mr Gemayel with little choice but to appease the Syrian leadership.

After yesterday's Cabinet meeting, the Lebanese Government said it would take "the necessary steps to work out security arrangements to guarantee the sovereignty, security and stability of south Lebanon and to ensure the withdrawal of Israeli forces from all Lebanese territory."

A French soldier was killed in Beirut yesterday when a rocket hit his position near the dividing line between the eastern and western sectors of the city.

Israel aims to keep contacts with Gemayel, Page 4

UK miners divided as coal cuts loom

By John Lloyd and Maurice Samuelson in London

THE LEADERS of Britain's mining unions will today learn of plans to cut some 4m to 5m tonnes of capacity amid signs that mineworkers are more bitter and more divided for many years.

Fifty-six thousand mineworkers in Yorkshire, in the North of England, have been called out on strike from next Monday. Nearly half of them were on strike yesterday over the closure of two pits.

The House of Commons Select Committee on Energy yesterday expressed alarm at the rapid worsening of National Coal Board finances.

Two of the mining unions – the National Union of Mineworkers (NUM) and the National Association of Colliery Overmen, Deputies and Shotfirers (Nacods) – are certain to oppose NCB chairman Mr Ian MacGregor's plan to cut the industry's losses.

The strike in Yorkshire, the NCB's biggest area, is over the accelerated closure of two collieries that have lost heavily.

A third pit in Yorkshire was closed by a strike against new measurement requirements. Managers who had carried out maintenance work were stoned by pickets.

The Yorkshire NCB said the pit had been abandoned and might close permanently within days if the pickets stayed in place. The highly combustible coal seam gives off large amounts of inflammable gas, which would render the pit too dangerous to enter.

Some 26,500 Yorkshire miners failed to work yesterday – 9,000 on strike, 6,500 turned away by pickets and 7,300 sent home because of the effects of the overtime ban. Mr Jack Taylor, the Yorkshire NUM president, said after the area council meeting which called the strike that he would seek official backing from the union's national executive at its regular meeting on Thursday.

The Select Committee's report noted that the Energy Department's request for a further £290m ($430m) to fund the industry's deficit over the present financial year was nearly 50 per cent more than the money originally allocated, and around 25 per cent of additional finance being sought by all government departments.

The report does not blame Mr MacGregor, but it points to the escalation of the losses in the period in which he has been chairman.

Mr MacGregor will announce his plan for the future of the industry at a meeting today of the Coal Industry National Consultative Council. The Council brings together the NUM, Nacods and the British Association of Colliery Management with the NCB.

Barclays hit by debt provisions

BY DAVID LASCELLES IN LONDON

BARCLAYS, the biggest UK banking group, last year set aside a record £475m ($705m) to cover possible loan losses. But the bank still managed to raise profits by 12½ per cent thanks to good results from abroad, particularly South Africa and the U.S.

The charges for bad loans covered both Barclays domestic business – where bankruptcies have been running at record levels – and its operations abroad. Apart from shaky third world loans, Barclays has had problems in the U.S. with a few large borrowers in the energy industry, and in Hong Kong where property prices have collapsed.

Sir Timothy Bevan, the chairman, said Barclays felt it had identified the big problems. "But the world is still a very uncertain place," he said, which was why Barclays was taking a cautious line with debt provisions.

Profits before tax were £557m, compared with £495m in 1982. But the after-tax figure fell from £364m to £337m because of a fall-off in the group's leasing business, which brings tax advantages, and the rise in general loan loss provisions, which have to come out of final profits according to British tax rules.

Virtually all Barclays' higher profits came from the U.S., where 1982's loss of £31m was turned into a £16m profit, and South Africa, where a buoyant market and favourable exchange rate enabled Barclays to boost profits by 50 per cent to £118m. Barclays' business in the UK was flat, and Mr John Quinton, senior general manager, warned that "people still have problems when we come out of a recession."

Sir Timothy refused to confirm the existence of a letter from the Inland Revenue, the British tax authority advising UK banks of its plan to make then withhold tax on interest to depositors. And he gave a flat "no comment" when asked about reports of Barclays' plans to buy Pinchin Denny and Company, the London jobbing firm. He was even reluctant to talk about a possible cut in base lending rate in next week's budget.

Details, Page 27; See Lex

China's private business booms

Continued from Page 1

terprises were reported to have totalled $2.2bn in the first quarter of last year.

The private businesses are run mostly by family groups, but about 28 per cent are being operated by formerly unemployed young people.

The businesses, which are licensed by local-level Communist Party committees, can hire up to three skilled workers and five apprentices, use registered business names and trade marks, take bank loans, and, in some cases, set their own prices.

They pay sales taxes of between 3 and 5 per cent and income taxes generally between 5 and 7 per cent

Hint of EMS shuffle

Continued from Page 1

Overall, however, confidence in the U.S. dollar is still being eroded by fears that the combination of strong U.S. recovery and a soaring budget deficit point to a renewed surge in inflation later this year.

Although the dollar recovered slightly from early lows on European exchanges yesterday, the markets expect the general trend to remain firmly downwards.

Sterling's gains against the dollar are being limited by persistent speculation that the banks may announce a ½ per cent cut in their 9 per cent base rates before or just after next Tuesday's budget.

Gilt-edged stocks made further gains of around ⅞ yesterday on the interest rate hopes and the Government broker sold out at a ½ point premium of the £1bn 1998 stock released three weeks ago.

Today's figures for the money supply in February are likely to be regarded as a crucial test of the City of London's present optimism.

The Bank of Japan believes the foreign currency markets are "essentially stable" in spite of yesterday's movements, which it said were "a technical correction of an oversold yen and overbought dollar." But it was thought unlikely the rate would fall back to the recent Y230 to Y235 range. Page 4

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Dubrovnik	S	10	50	Malaga	F	14	57	Salzburg	C	1	34
Akrotiri	S	19	66	Faro	F	15	59	Malta	–	—	—	Seoul	C	-4	25
Algiers	–	—	—	Florence	F	11	52	Manila	S	32	90	Singapore	R	30	86
Amsterdam	C	7	45	Frankfurt	C	4	39	Miami	C	24	75	Stockholm	S	4	39
Athens	C	16	61	Funchal	F	18	64	Milan	S	10	50	Strasbourg	S	4	39
Bahrain	S	22	72	Geneva	S	3	37	Moscow	C	0	32	Sydney	S	24	75
Bangkok	S	34	93	Gibraltar	C	14	57	Munich	C	0	32	Taipei	R	18	64
Barcelona	S	11	52	Guernsey	C	9	48	Nairobi	C	27	81	Tangier	F	15	59
Beirut	S	17	63	Helsinki	D	-1	30	Naples	F	10	50	Tehran	–	—	—
Belgrade	F	2	36	H. Kong	C	18	64	New Delhi	S	28	82	Tel Aviv	S	21	70
Berlin	C	2	35	Innsbruck	S	3	37	New York	F	5	41	Tenerife	F	22	72
Biarritz	S	9	48	Inverness	F	10	50	Nice	S	15	59	Tokyo	F	9	48
Blackpool	C	8	45	Istanbul	C	16	61	Oporto	S	14	57	Toronto	F	2	36
Bordeaux	S	9	48	Jersey	C	10	50	Oslo	S	2	36	Tunis	T	8	46
Brussels	S	6	43	Jo'burg	S	28	82	Paris	C	5	41	Valencia	S	14	57
Budapest	C	5	41	Las Palmas	F	25	77	Prague	F	1	34	Venice	S	8	46
B. Aires	C	30	86	Lima	–	—	—	Reykjavik	C	3	37	Vienna	F	3	37
Cairo	S	23	73	Lisbon	S	12	54	Rio de J'o	C	37	98	Warsaw	C	1	34
Cape Town	S	22	72	Locarno	S	11	52	Rome	S	13	55	Zurich	S	1	34
Caracas	C	28	82	London	D	10	50								
Casablanca	S	18	64	Los Angeles	S	25	77								
Copenhagen	F	7	45	Luxembourg	F	3	37								
Corfu	C	11	52	Madrid	S	7	45								
Dublin	D	9	48	Majorca	S	13	55								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

£100m microchip project for UK

Continued from Page 1

Mark Meredith, adds from Edinburgh: National Semiconductor's expansion underlines the growing importance of the industry to the Scottish economy.

About 42,500 people are employed in electronics and about 10 per cent of them in semiconductor manufacturing. Scotland also has Western Europe's largest concentration of personal computer manufacturing.

About half the 1,000 extra staff will be needed for clerical and low-skilled jobs, the rest will be engineers and technicians. More than half the total are expected to be women.

National Semiconductor's expansion comes in a part of Scotland hard-hit by the decline of the shipbuilding industry and where male unemployment in some areas is more than 30 per cent.

The electronics plant is not far from the Scott Lithgow shipyard which employed more than 9,000 workers in 1977. This number has fallen to 3,000 and the yard faces possible closure following Britoil's cancellation of an £88m drilling rig contract. Two private companies are currently vying to takeover the yard.

Mr Manuel Yuen, managing director of National Semiconductor in the UK, said in Glasgow yesterday that his company was willing to take a look at the unemployed shipworkers.

The company doubted, however, that it would be able to employ these workers because their skills were not suited to the electronics industry.

Mr Yuen said that about 20 per cent of the jobs will be for intermediate skills in electronics and 30 per cent for electronic engineers. National Semiconductor has its own in-house training programme and runs sandwich courses for new workers in co-operation with outside colleges.

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FINANCIAL TIMES
Tuesday March 6 1984

Porsche firm on direct U.S. distribution plan

BY JOHN DAVIES IN FRANKFURT

PORSCHE, the West German sports car maker, is pressing on with plans for its new computer-linked distribution system in the U.S. despite the action of a New York wholesaler in lodging a $100m damages suit.

Herr Peter Schutz, the German-born American who heads Porsche, said yesterday that the action was "not totally unexpected," but added: "We are satisfied we have not violated any law."

The wholesaler, World-Wide Volkswagen (New York), has filed a suit against Porsche and Volkswagen of America, the U.S. subsidiary of Volkswagen, the West German car maker.

The action has been prompted by Porsche's decision to quit, at the end of August, the joint U.S. distribution system which it has shared with VW's Audi subsidiary since 1970.

Herr Schutz said that Porsche's independent system provided no role for any wholesaler, even though they were doing a good job.

"That is not the way most importers do business," he said. Herr Schutz added that they felt it was a stage in a modern distribution system which was an additional cost and one that most of their competitors were doing without.

Herr Schutz said, however, that Porsche was talking to the retail dealers in the present Audi/Porsche network "on a one-to-one basis" to discuss their grievances about the proposed distribution system.

Porsche was confident it would reach an agreement satisfactory to most of the dealers, he said.

The 320 dealers in the Audi/Porsche network have voiced concern because Porsche wants them to act as agents, selling cars for commission, rather than buying cars on a franchise basis for resale to customers.

They are also worried about potential competition from 40 branches of its own which Porsche is setting up in the U.S.

Porsche intends to link its agents and branches into a computer network which shows whether a car meeting a customer's requirements is available in the U.S. and if not, when it can be supplied from West Germany.

In this way, Porsche aims to improve delivery of cars to customers from a "national pool."

It also plans to record all car servicing in the computer network so that owners can call up a history of their vehicle as evidence of its resale value.

Porsche plans to store a large number of cars at a site in Reno, Nevada, where it is setting up the headquarters of its own U.S. subsidiary, to be responsible for importing and distribution.

The company claims that retail agents will have an advantage in that they will no longer have to finance stocks of Porsche cars. It disputes that they will face serious competition from Porsche's own branches, which will be set up in industrial zones, not on retail sites.

Porsche has indicated that it is prepared to go to some lengths to win the support of at least some of the present Audi/Porsche dealers, although it has made clear it will go beyond them to seek others to act as agents if necessary.

There have been suggestions from dealer representatives in the U.S. that they may also resort to legal action to try to prevent Porsche undermining the franchise system.

The U.S. is by far Porsche's biggest market, taking nearly half of the 44,800 cars produced in the last financial year.

Novo to lift payout after good results

By Hilary Barnes in Copenhagen

NOVO INDUSTRI, the Danish enzymes and pharmaceuticals group, reported another strong profits increase and as a result plans to step up its dividend.

Pre-tax profits for 1983 have risen by 57 per cent to DKr 956m ($100m) on sales 25 per cent higher at DKr 3.36bn. The dividend is going up from DKr 17 a share to DKr 20.

Financial incomes were influenced by the yields from the portfolio of Danish government bonds and other securities, and the portfolios were temporarily increased substantially by the investment of the proceeds of last year's issue of American depositary shares.

Group sales increased by 25 per cent to DKr 3.36bn. Sales of pharmaceuticals increased by 28 per cent to DKr 1.83bn, with sales of insulin increasing by 30 per cent, about half of which was a volume increase.

Through co-operation with E. R. Squibb in the jointly-owned company Squibb-Novo, Novo increased its market share for insulins in the U.S. by three of four points.

Enzyme sales increased by 22 per cent to DKr 1.51bn, with sales of detergent enzymes increasing faster than this, mainly because of increased sales volume, especially in the U.S.

Sales of starch industry enzymes were affected by the fact that a major customer started in-house production in the second half of last year.

Margins were improved by the high level of investment in capital and technological expertise, said Novo, which reported capital expenditure up last year to DKr 563m from DKr 495m in 1982.

Lex, Page 20

Changing images at Diasonics

BY LOUISE KEHOE IN SAN FRANCISCO

DIASONICS, the Californian maker of medical imaging equipment, seemed all set to create another Silicon Valley legend when it went public last April. The company had everything going for it, meteoric sales growth, a lead in a new and promising technology called nuclear magnetic resonance, and two of Silicon Valley's architects on its board of directors.

Two West Coast investors, the names Arthur Rock and Robert Noyce are written in glittering gold. Mr Rock, a veteran venture capitalist, provided seed money for Intel and Apple, two of Silicon Valley's biggest success stories. Dr Noyce, a co-founder of Intel, bears the unofficial title "Mayor of Silicon Valley" for his part in creating the semiconductor industry.

So when Diasonics issued a prospectus early last year bearing both names – Mr Rock as company chairman and Dr Noyce as a major shareholder and director – the initial public offering was a sure-fire success.

Diasonics raised $33m, more than any other company going public in over eight years. Its share price rose from the offering price of $22 to a high of $27¼ in the first month of trading.

But that was to be the last of Diasonics' good news. Just one month later, Diasonics was trading for $21¼ and in January reached an all-time low of $5 a share.

"The stock has been a disaster since mid-1983, with earnings woefully under expectations," says Mr Larry Haimovitch, an analyst who follows the medical equipment industry for Woodman, Kirkpatrick and Gilbreath of San Francisco.

Shortly after its public issue, Diasonics' sales of computerised X-ray systems collapsed. Along with several competitors, Diasonics was offering a range of computer equipment that could be used to enhance the pictures produced by conventional X-ray techniques. Two years ago, manufacturers and doctors had high hopes for these add-ons, but clinical results were disappointing.

For the suppliers of these add-on computers, the picture was, however, only too clear: sell fast, or not at all. Last summer, Diasonics got into a price war with its competitors and by the end of 1983 prices were reduced by as much as 40 per cent.

In January, Diasonics gave up the fight to revive its add-on radiography business. It said it would withdraw from the market and write off $65m.

The resulting fourth-quarter net loss, announced last week, was $56.3m, or $1.09 a share, against profits of $54m, or 12 cents, while, for the year, the company incurred a loss of $597m, or $1.18 a share, against profits of $11.3m or 25 cents. Sales edged ahead from $153.9m in 1982 to $186.8m last year.

The write-off was cautiously welcomed by industry analysts, and Diasonics stock price crept up by a few cents.

During the X-ray price war, Diasonics' managers were distracted from the company's most profitable sector, ultrasonic scanners. According to market analysts, Diasonics held a solid second-place position in the high-growth market for ultrasonic systems, hot on the heels of industry leader Advanced Technology Laboratories, a division of Squibb, the U.S. drugs and cosmetics concern. Diasonics' ultrasonics sales have also been falling recently, however.

Nevertheless, Diasonics is expected to regain its former prowess in the emerging nuclear magnetic resonance imaging market. The new technology has created excitement in the medical world because it offers high-resolution images comparable to those produced by computerised axial tomographic (CAT) scanners.

Diasonics delivered 13 NMR systems last year and is expected to at least double that in 1984, producing revenues of about $40m. "Long term, this segment of Diasonics business will enjoy torrid growth, advancing to between $150m and $200m by 1987-88," Mr Haimovitch predicts.

A fundamental problem for Diasonics and the entire medical equipment industry has been raised by a change in federal medicare rules. Formerly, hospitals were allowed to charge the U.S. Government for all diagnostic tests performed on medicare patients. Now there is a ceiling on the diagnostic costs that medicare will bear. The change has caused hospital administrators to look for cost savings.

Unwittingly, however, the U.S. Government may have improved the outlook for the diagnostic equipment industry. The new Medicare regulations apply only to hospitals, so some industry watchers expect growth in the number of off-site doctors' offices equipped with sophisticated diagnostic equipment such as that sold by Diasonics.

Pirelli sales up by 9%

By Alan Friedman in Milan

PIRELLI, the Milan-based international cables and tyres group, yesterday reported a 9 per cent rise in group sales to L5,900bn ($3.65bn) for 1983.

The company, which tomorrow will release its first consolidated group accounts, said its 1983 profits would show an improvement on the previous year's performance. In the past, Pirelli has released only partial information for its domestic and overseas holding companies.

Just under a quarter of Pirelli's sales revenue comes from its Brazilian subsidiary, while Italian sales account for a third of the total.

Pirelli added that it plans to raise L44.6bn through a rights issue later this month, which will allow shareholders to subscribe for two ordinary shares for every 15 they already own. The move is part of a L85bn increase in share capital Pirelli hopes to complete by 1986.

Pirelli will offer 34.3m new shares this month at 1,300 each, which represents a 25 per cent discount on yesterday's closing Milan bourse price of L1,735.

When the share capital increase is complete, it will boost the nominal capital from L196bn to L281bn.

Sharp gain at Euroc after restructuring

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

EUROC, the Swedish cement, building materials and engineering group, staged a substantial recovery last year, raising group profits sharply as a result of a restructuring and cost-cutting programme.

Group profits before tax allocations and extraordinary items jumped from SKr 77m ($9.9m) in 1982, to SKr 211m last year.

Helped by the sale of plant and equipment, profits before tax and allocations tripled to SKr 303m, from SKr 102m in 1982. The dividend is being raised to SKr 11 per share from SKr 10 in 1982.

Euroc, Sweden's largest building materials group and its only cement producer, raised group sales by 12 per cent to SKr 4.7bn, from SKr 4.2bn in 1982.

The group said yesterday that it expected no marked improvement in its markets in 1984, but improved profits should result from rationalisation measures already taken.

Tellus, one of the group's engineering subsidiaries which manufactures automatic guided vehicles and materials handling equipment, ran up considerable losses last year.

Billerud doubles profits

BY OUR NORDIC CORRESPONDENT

BILLERUD, the Swedish forest products group, nearly doubled its profits last year, helped by higher production volumes and greater international competitiveness created by the devaluation of the Swedish krona.

Group profits before tax, allocations and extraordinary items jumped to SKr 616m from SKr 326m in 1982. Sales rose by 18.5 per cent to SKr 4.7bn from SKr 3.9bn

The Swedish forest products industry enjoyed one of its strongest years in 1983, and Billerud, in common with most of its domestic competitors, is expecting a further profits increase this year.

Profit per share rose to SKr 45.90 from SKr 26.15 in 1982, and the group is planning to increase its dividend payment to SKr 5 share from SKr 4 a share in the previous year. Billerud is owned 49.98 per cent by Uddeholm, the Swedish steel and engineering company.

National Can considers Posner offer

By Our Financial Staff

NATIONAL CAN, the third largest U.S. can manufacturer, is studying a $410m merger proposal from NVF, a company owned by Mr Victor Posner, the U.S. investor. NVF owns about 37.2 per cent of the company's outstanding voting securities.

The offer provides for National Can stockholders to receive $40 in cash for each common share. If the deal goes through National Can will merge with a new subsidiary of NVF.

National Can said it was submitting the offer to a special committee of independent directors for recommendation.

National Can said in January that it was studying alternatives to benefit its stockholders.

Earnings at the Chicago-based concern, which also produces glass containers and other packaging products, fell sharply last year from $34.1m to $22.1m, on revenues up from $1.54bn to $1.65bn. Stated net worth is $349m.

Mr Posner said Mr Frank Considine would remain as National Can's chairman and chief executive officer.

Biogen shows $11m loss

By Our Financial Staff

BIOGEN, the Netherlands Antilles-registered bio research group which a year ago raised $57.5m through a share issue on Wall Street, suffered a net loss of $11.7m for 1983.

For 1984, the company says, quarterly income can be expected to fluctuate significantly in relation to the revenue from licensing agreements. Group losses totalled $4.49m in 1982.

Formed nearly six years ago, Biogen counts among its shareholders the U.S. and German drug companies, Monsanto and Schering, International Nickel of Canada and the UK group, Grand Metropolitan.

Revenues last year fell to $18.4m from the $20.6m of 1982

Sharp recovery at Buerhmann

By Walter Ellis in Amsterdam

REDUCED interest charges helped produce a sharp recovery last year by Buerhmann-Tetterode, the Dutch paper packaging and printing group. Earnings for 1983 came to Fl 21m ($7.16m) – 66 per cent up on the previous 12 months.

Sales for the year amounted to Fl 2.78bn, slightly up on the 1982 figure of Fl 2.68bn.

A dividend of Fl 2.60 per Fl 20 nominal share has been proposed by the Buerhmann board, compared with Fl 2 for 1982.

Government call for report delays Dior succession

BY DAVID MARSH IN PARIS

A COMPLEX boardroom power struggle at Christian Dior, the leading Paris fashion house, has taken a further twist with a government-inspired move yesterday to delay a crucial decision on appointing a new chairman.

A shareholders' meeting yesterday which was to have decided whether to replace M Jacques Rouet, the present chairman, was postponed until March 21. This was because of fresh legal uncertainty surrounding Dior's parent company, the Agache-Willot textile and retailing group, which has been in the hands of receivers since 1981.

The shareholders' meeting is, in fact, a one-man show. The sole controller of Dior is M Albert Chassagnon, the court-appointed administrator who has been trying for three years to seek a solution to the tangled affairs of Agache-Willot and its manufacturing subsidiary Boussac Saint-Freres, which collapsed financially in June 1981.

M Chassagnon, with the backing of the Government, is believed to be trying to remove M Rouet, 66, who has played a leading role in Dior since the firm was founded in 1946. M Jean-Paul Elkann, an industrialist close to the government-run Industrial Development Institute, who is currently vice-chairman, has been critical of M Rouet's expansionist management strategy.

Yesterday's meeting was due to decide on a possible lowering of the Dior chairman's mandatory retirement age from 75 to 65, which would automatically have signalled the departure of M Rouet.

Uncertainty over management changes is having an unsettling effect on Dior's business. The company last year raised turnover to FFr 4.2bn ($528m) from FFr 3.4bn, but has not yet published profit figures. Net earnings were FFr 98m in 1982.

A Dior statement said the postponement of the meeting was due to the Government's nomination last week of M Georges Plescoff, former chairman of the Assurances Générales de France insurance group and the Suez financial holding company, to draw up a report on the judicial tangle surrounding the Agache-Willot affair.

However, M Plescoff has been given one or two months in which to fulfill his mission, while Dior clearly needs to end doubt about its chairmanship much more quickly.

Alusuisse out of the red at midway

By Our Financial Staff

ALUSUISSE, the Swiss aluminium producer, clawed its way out of the red in the second half of 1983 and as a result looks forward to "positive" results in the current year.

For 1983 as a whole, however, the group has run up another loss, and as in 1982 shareholders will not receive a dividend. Net losses emerged at SwFr 82m ($38.13m) compared with a deficit of SwFr 179m in 1982.

Alusuisse last paid a dividend in 1981 when a net loss of SwFr 52m resulted in the dividend being halved to SwFr 12.50 a share.

Alusuisse has charged depreciation of SwFr 414m, the same as 1982. It also explains that the results have been struck after extraordinary income of SwFr 36m, which is SwFr 102m down on 1982.

INTL. COMPANIES & FINANCE

Sime Darby returns to growth with 58% rise

BY WONG SULONG IN KUALA LUMPUER

After three years of declining profits, Sime Darby, Malaysia's largest listed company, has reported a sharp turnround, with pre-tax earnings up by 58 per cent to 97m ringgit (US$42m) for the six months to December 1983, on a turnover up by 8.3 per cent to 1.18bn ringgit. After heavier taxes and minority interest provisions, net profits were 35 per cent higher at 36.6m ringgit.

Tun Tan Siew Sin, Sime's chairman, expects second-half earnings to be "at about the same level as those for the first six months." Stronger commodity prices, particularly for palm oil, were largely responsible for the good performance.

Earnings from Sime's plantation division rose to 67m ringgit, compared with 57.3m ringgit for all of 1982-83.

The tractors division—the second most important area—showed a profit of 13.3m ringgit. This was lower than the 21.2m ringgit of the previous first half but indicates that the worst is probably over for the heavy equipment business in Malaysia, which was hit by a fierce price war and high stocks during 1982 and early 1983.

Sime's Hong Kong and Philippines divisions managed to hold up well despite the uncertain political climate, and 30 per cent devaluation of the Philippines peso.

The interim dividend remains unchanged at 4 cents a share absorbing 18.8m ringgit.

Jump in interim earnings at Boral

By Michael Thompson-Noel in Sydney

BORAL, THE Australian construction and energy group, has reported a 57 per cent improvement in net profits for the half year to December 31, to A$43m (US$40.4m), thanks in part to the acquisition of rival BMI in late 1982.

An upturn in the Australian and the U.S. housing markets also helped, as did recent reorganisation, asset sales, and cost savings.

Interim earnings were 18.6 cents per share on increased capital against 11.8 cents previously. The interim dividend has been maintained at 7.5 cents a share. Interest payments were 18 per cent higher at A$18.6m, though the sum represented a 26 per cent fall on interest payments in the June half of last year. Depreciation was A$24.9m against A$16.7m and tax A$28.7m compared with A$19m.

● G. J. Coles has corrected its stated earnings per share for the six months ended December 31 to 24.02 cents from 22.81 cents as originally issued last Thursday.

HK share offer oversubscribed

By Robert Cottrell in Hong Kong

A HK$225m offer for sale of shares in the Hong Kong electronics company Elec and Eltek attracted HK$19bn of funds, oversubscribing the issue 84 times. The tally was announced yesterday by Wardley, joint underwriter to the offer.

Two Hong Kong stock exchanges had pressed for the issue to be cheaply priced.

Rothmans Malaysia ahead

BY OUR KUALA LUMPUR CORRESPONDENT

DESPITE A hefty increase in tobacco taxes in the Budget last year, Rothmans Malaysia achieved a 33 per cent increase in pre-tax profits to 20.2m ringgit (US$ 8.7m) for the six months to December, on a turnover up 22 per cent to 196m ringgit.

The company said the good results came from operating efficiency and that second-half earnings should be "maintained at a satisfactory level."

Rothmans is making a one-for-two scrip issue, capitalising on 33m ringgit from a revaluation of plant and land, and 8.3m ringgit from revenue resources. The issue will bring it paid-up capital to 123.9m ringgit.

The company said an interim dividend would be declared later and it would not be less than last year's 10 cents a share.

Ruling throws light on HK property crash

BY ROBERT COTTRELL IN HONG KONG

IN AUGUST 1981, four Hong Kong companies joined forces to pay a world record price of HK$2.8bn (US$360m) for a piece of commercial property in the local tourist neighbourhood of Tsim Sha Tsui. A little over two years later, one of the companies was bankrupt, a second had dropped out of the project, and the other two were suing one another. Redevelopment of the property has been postponed, and analysts think that, if it is ever completed, it will make a loss.

Judgment on the related lawsuit was delivered last week by Mr Justice Rhind of the Hong Kong Supreme Court. His 31-page verdict is a fascinating insight into the wheeling and dealing which characterised Hong Kong's property boom-and-bust.

The site carrying the HK$2.8bn price-tag was the "Miramar Old Wing" so called because it formed part of a large hotel complex owned by the Miramar Hotel and Investment Company. Miramar Hotel and Investment, the vendor, took a 7½ per cent stake in the 1981 purchasing consortium, but the deal's prime mover was the Carrian Group—then the Hong Kong property sector's highest-flyer—now its biggest bankruptcy.

Carrian originally took a 60 per cent stake in the joint-venture company called Armatys. The Carrian stake was held in two of its publicly-quoted subsidiaries, Carrian Investments (CIL), and China Underwriters (CUL). The old-established blue-chip Hongkong Land company took 25 per cent of Armatys, while the remaining 7½ per cent was taken by Sun King Fung Development, a property company then associated with Sung Hung Kai Securities, a large Hong Kong stockbroker.

The Miramar site was bought at the top of the market, as the partners soon realised. A down-payment of HK$420m was made in August 1981, a second instalment of HK$504m was paid in February 1982, and a further HK$1.876bn would have fallen due in May 1983, but a one-year deferral was then agreed with the vendor.

In November 1982, Sun King Fung sold its stake in Armatys to Miramar Hotel and Investment, for roughly one-quarter of the amount which it had by then invested in the project. The transaction was in line with a professional valuation made in February 1983, which assessed the value of the site at HK$787m, or 28 per cent of what had been paid 18 months previously.

Mixed blessing

Carrian, meanwhile, was going progressively bust through 1982, and needed help to complete other important agreements with Hongkong Land. In March 1982, Land agreed to accept a 10 per cent stake in Armatys from Carrian as part-payment for some residential property. Three months later, Land agreed to accept a further 15 per cent of Armatys as Carrian's second instalment payment for equity in Emlyn, a joint-venture company with Hongkong Land which would own three blocks of flats—blocks which would be bought from Hongkong Land.

Hongkong Land had not particularly wanted a larger share holding in Armatys, since its financing needs and dim prospects of a profit were by then, notes Judge Rhind: "By no means an unmixed blessing." Hongkong Land and Carrian made a complicated agreement providing for Carrian to buy back the 15 per cent tranche of Armatys on December 1 1983.

In the event, Hongkong Land transferred the shares back to Carrian in September 1983, as part of a deal unwinding the Emlyn joint venture. By then Carrian was effectively insolvent — within a month, winding-up proceedings against it would be under way.

The issue on which Judge Rhind ruled last week was whether the Armatys shares could properly have been transferred back to Carrian even when it was clear that Carrian was most unlikely to meet any future payments towards the project's purchase or development costs. The site's vendor, Miramar Hotel and Investment, plaintiff in the action, stood to lose HK$281.4m from the transfer, representing 15 per cent of the HK$1.876bn still due on completion of the purchase.

Miramar Hotel and Investment effectively claimed that Hongkong Land and Carrian had an implicit obligation to see that Armatys carried through its plans to purchase and redevelop the Miramar site. Judge Rhind ruled, however, that the joint-venture agreement made by the Armatys partners explicitly provided for such a transfer of shares, and that the transfer was therefore entirely proper.

The complications of some parts of the case, said Judge Rhind, merited contemplating "with a wet towel wrapped around one's head." Some documents were, however, simple enough—such as the letter written on November 5 1982 by Mr George Tan, Chairman of Carrian, to Mr Trevor Bedford, then managing director of Hongkong Land.

Payments refused

"The property market in Hong Kong appeared collapsed and dead," wrote Mr Tan, "therefore, we are apparently facing the temporary tight cash problems . . . payments which were supposed to be automatically rolled over were met with refusal and we were forced to pay out cash of approximately HK$600m."

Mr Tan asked for Hongkong Land's "support and help." He suggested that Hongkong Land buy Carian out of joint-venture commitments with an issue of new shares, and buy Carrian's overseas assets. "Trust that our proposals meet your favourable consideration," concluded Mr Tan.

They did not. On January 3 1983, the shares of Carrian's publicly-quoted companies were suspended. Subsequent court hearings attributed debts of some U.S.$1.2bn to the group.

JAPANESE RESULTS

KINKI NIPPON TOURIST
TOURIST AGENCY

Year to	Dec '83 Y	Dec '82 Y
Turnover (bn)	330	301
Pre-tax profits (bn)	2.0	1.6
Net profits (m)	619	605
Dividend	7.50	7.50

PARENT COMPANY

KYOCERA
CERAMIC I.C. PACKAGES

Nine month	Dec '83 Y	Dec '82 Y
Revenues (bn)	68.9	42.5
Pre-tax profits (bn)	17.1	10.6
Net profits (bn)	7.2	4.6
Net per share	77.2	49.8

CONSOLIDATED

RYOBI
DIE-CASTING MANUFACTURER

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	78.1	70.4
Pre-tax profits (bn)	3.7	2.8
Net profits (bn)	1.60	1.61

CONSOLIDATED

SANSUI ELECTRIC
AUDIO EQUIPMENT

Year to	Nov '82 Y	Nov '82 Y
Revenues (bn)	60	61
Pre-tax profits (bn)	2.3	2.3
Net profits (bn)	1.1	0.9
Net per share	30.98	35.85

CONSOLIDATED

SAPPORO BREWERIES
BREWING

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	382	348
Pre-tax profits (bn)	8.5	9.2
Net profits (bn)	3.8	4
Dividend	5	5

PARENT COMPANY

SHOWA OIL
OIL

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	1,011	1,065
Pre-tax profits (bn)	4.7	†0.75
Net profits (bn)	4.5	1.1
Net per share	35.23	8.61

† Loss
PARENT COMPANY

SUMITOMO CHEMICAL
PETROCHEMICALS

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	858.8	632.2
Pre-tax profits (bn)	18.2	2
Net profits (bn)	4.1	†7.2

† Loss
PARENT COMPANY

SUMITOMO RUBBER
TYRES

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	199	178.7
Pre-tax profits (bn)	2.35	3.29
Net profits (bn)	1.03	1.26
Net per share	8.24	10
Dividend	6	6

PARENT COMPANY

FINANCIAL TIMES SURVEY

Tuesday March 6 1984

BOSTON

Many major U.S. cities must envy the prosperity of Boston, which is now undergoing one of its periodic renaissances. The city's financial institutions have found a new lease of life and a wide range of high-tech manufacturers are now established in the area

By William Hall

OLIVER WENDELL HOLMES, the famous Chief Justice of the U.S. Supreme Court, once described Boston as the "hub of the universe," which is a pretty substantial statement to make about any American city, not least one which is only the twentieth biggest.

Today, even the most chauvinistic Bostonian would admit that Justice Holmes was overstating his case somewhat. Nevertheless, Boston remains one of the most vibrant and attractive cities in the U.S., and one which has had an influence on American affairs out of all proportion to its size. Recently, it has been among the most successful of U.S. cities in coping with the decline of its traditional industries.

Downtown Boston is gripped in a long-running development boom fuelled by the rapid growth of the city's financial services industries while ten miles or so outside the city, the parking lots are full and the loading bays are bustling at the "high - tech" companies clustered around Route 128, Boston's answer to Silicon Valley.

Boston, which less than a decade ago was suffering from chronically high unemployment, is undergoing one of its periodic renaissances and many major U.S. cities must envy its current prosperity.

When Justice Holmes was in his prime towards the end of the last century, Boston was a much more important place than it is today. The old "yankee" families, whose puritan roots stretched back to East Anglia, were still running the city, and had not forfeited their political grip to the offspring of the Irish immigrants who now hold sway.

Boston wealth, inherited from the days of "privateering" and the China Clipper trade, was financing the U.S. railroad boom, and the country's expansion westwards, when cities such as Miami had yet to be founded.

The telephone was invented in Boston in 1876 and Boston figures of the day played a key role in developing the ideas and values of the young nation. Scions of well-known Boston families such as the Adams, Cabots, Lowells, Putnams, Lodges and many more played a very large role in the nation's early political and business affairs.

The period, around the turn of the century, marked a high point in Boston's influence, and for the next half century the city went into decline. At its peak roughly a third of America's textile industry and half of its shoe and leather industries were to be found in Boston and its neighbouring cities. But they have largely disappeared.

The textile companies fled south in search of cheap labour, the shoe industry was hit by imports, and Boston's great financial institutions fell into a deep slumber. Some of the better known names such as First Boston, Kidder Peabody and Paine Webber, escaped the city for New York.

For decades Boston seemed to be gripped in an irreversible decline. It took far longer to emerge from the Great Depression than other U.S. cities and for ten years after World War II the local economy appeared unable to replace the 1,000 jobs a month being lost in the textile industry.

By the mid-1970s, economists were openly pessimistic about the prospects for New England and its capital city, Boston. Between 1968 and 1975 alone, New England lost more than 200,000 manufacturing jobs.

Stuck in the north east corner of the country, with no natural resources to speak of, serious structural unemployment and a history of active trade unionism, Boston and its hinterland did not look as if it was ever going to shrug off its economic decline.

Factors behind the economic revival

However, 1975 marked a turning point. The number of job opportunities which had been steadily falling for years, started to climb. By the end of the decade Boston's unemployment rate had fallen well below the national average and the personal income of its workforce was growing faster than the country as a whole. What had happened?

Of all the factors affecting the region's turnaround, the spectacular growth of Boston's "high-tech" industries *stands* out. New England, and Boston, in particular, has received more than its fair share of Federal research and development spending and defence contracts.

However, generous Federal funding is not the only reason for Boston's economic revival. Jim Howell, the Bank of Boston's economist, argues that the factors underlying the birth of the American industrial revolution in New England in the early 19th century are the same ones that account for Boston's success in the high technology industries today. In particular, he cites the following:

● A plentiful supply of risk capital. In the old days it was the profits from overseas trade which provided the capital but now it is a new breed of Boston "venture capitalist." The city was the birthplace of America's post war venture capital industry, and in recent years close to a quarter of all U.S. venture capital investments have been made in the Boston area.

● An educational establishment, second to none. Harvard was founded only six years after the city of Boston itself and, according to the history books, "Harvard men predominated in the founding of the U.S."

Along with MIT, the two centres of learning stand at the top of a pyramid of 65 colleges and universities which make the greater Boston area, the "most knowledge intensive region" in the country. Boston's colleges, engineering laboratories and medical schools have provided both ideas and staff for several hundred "high-tech" companies clustered around the city.

● A plentiful supply of entrepreneurs willing to exploit new ideas. Ed Land, the founder of Polaroid, Ken Olson of Digital Equipment, and Dr An Wang of Wang Laboratories are some of the best known "high-tech" entrepreneurs leading the region's renaissance.

These companies, in turn, have spawned a fresh generation of young companies. Edson de Castro, for example, quit Digital Equipment to form Data General, one of the fastest growing companies in the information processing industry. Ken Fisher is another "high-tech" brain who recently left Prime Computer to set up Encore Computer. Boston is proving to be both a training ground and fertile seed bed for new ideas in America's "high-tech" revolution.

● Absence of unions. Boston has played a leading role in U.S. trade union history, but the whole revitalisation of the New England area has been charact-

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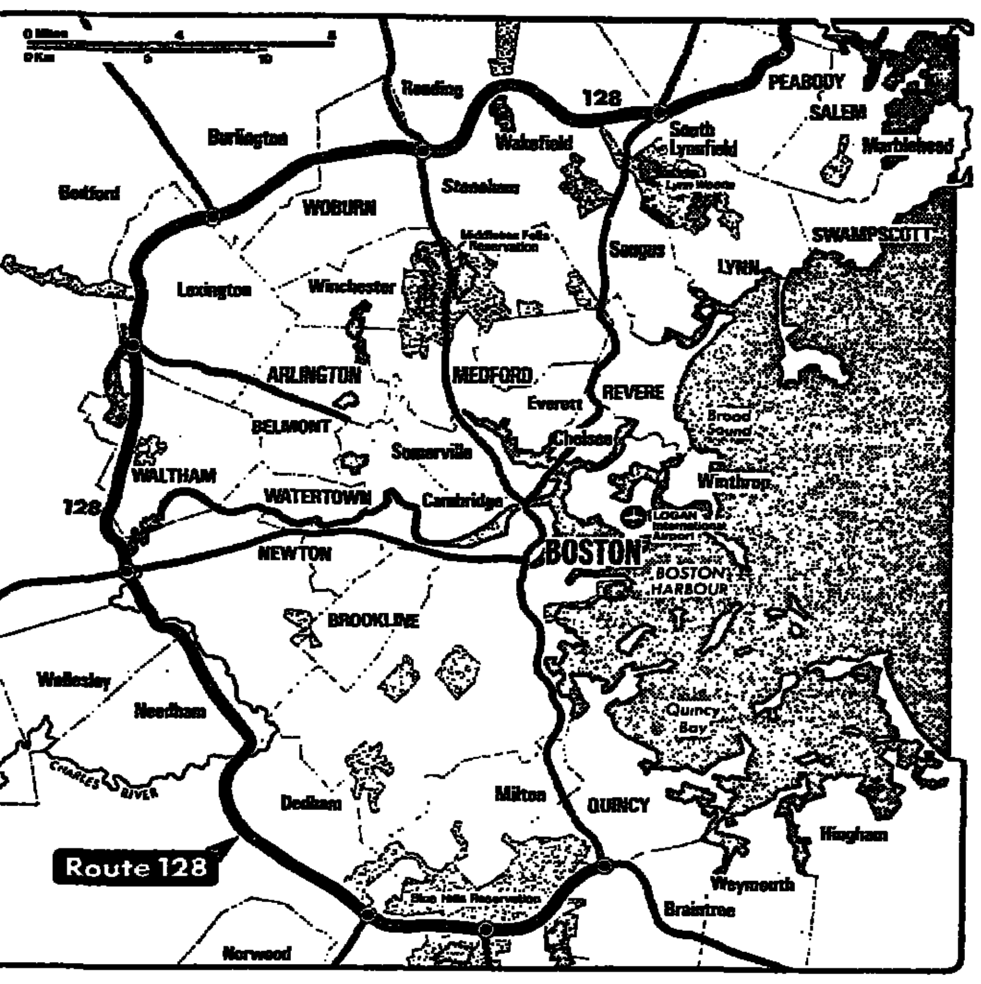


STATISTICS

	Greater Boston	Massachusetts	New England
Area (square miles)	1,269§	8,257	66,608
Population* (000)	2,763	5,781	12,325
Unemployment† (per cent)	5.8	6.9	5.8¶
Employment† (m)			
Civilian labour force	1.5	3.3	N.A.
Civilians employed	1.4	2.8	N.A.
Personal income ($m) (Jan-Sept)	44,027‡	54,112	116,390
Population growth rate (1970-80)	−4.7	+0.2	+0.8
Universities and colleges*	47	119	253
No. of companies in Fortune 500*	10	16	50
Tourist revenue*	$516.5m	$2.6bn	$5.6bn

* 1982 data. † 1983 average, not seasonally adjusted. ‡ 1981 data. § Figure before redefinition by the Massachusetts Planning Council. ¶ Excluding Massachusetts.

How Bostonians have made their mark on U.S. history

● Boston, the birthplace of the American Revolution, is one of the oldest cities in the U.S. It was founded by a group of Puritan settlers in 1630.

Greater Boston consists of 106 towns and suburbs and has a total population of 2.8m. Economic centre of New England and the capital of the state of Massachusetts, it is 206 miles from New York City.

● Bostonians who have made their mark on U.S. history include: John Hancock, Samuel Adams, Paul Revere, Benjamin Franklin, Ralph Waldo Emerson, Oliver Wendell Holmes, Robert Treat Paine, and hundreds of others. More recently, major political figures to emerge from the area include the Kennedys, House Speaker Thomas P. (Tip) O'Neill, and Elliot Richardson.

● The city has long been regarded as one of America's leading cultural centres. Apart from Harvard, MIT, Tufts and Boston University, there are over 60 colleges and universities in the Boston Metropolitan area, at which over 250,000 students are enrolled. There are more students in relation to population than in any other city.

● It is probably the leading medical centre in the U.S. Its 35 hospitals including Beth Israel, Brigham and Women's, Children's Hospital Medical Center, Massachusetts General, New England Medical Centre and University Hospital. They employ 27,000 people and attract $125m in research and development spending a year.

● Route 128, which encircles Boston, is the home of several of the fastest-growing high tech companies (Digital Equipment, Wang, Honeywell). Boston's universities have been breeding ground for such inventions as the magnetic core memory by An Wang at Harvard.

● Boston was the home of the first U.S. mutual fund, Massachusetts Investors Trust. It now ranks as probably the biggest U.S. fund management centre after New York, with 60 insurance companies, 19 commercial banks and more than 50 fund managers, handling over $80bn a year.

● General George Doriot, founder of the U.S. venture capital business, set up his first firm in Boston. The city now ranks as one of the most important venture capital centres in the U.S. with more than 50 firms.

● Logan Airport, Boston, was the second fastest growing major airport in the U.S. and is the second busiest transatlantic airport, handling 2m international passengers and 15m domestic passengers in its last financial year.

● Boston is an important publishing centre, with the old-established Boston Globe newspaper facing stiff competition from the Boston Herald, recently acquired by Rupert Murdoch.

Rivka Nachoma

PROFILE: RAY FLYNN

Ray Flynn, the city's new Mayor, is a Democrat and a powerful member of Boston's Irish community. The business sector is believed to be happy with the new Mayor who has a strong rapport with the State Governor.

Quiet start for new Mayor

"IF YOU really want to know what is going on in Boston politics, you should get yourself an ouija board." This is the advice of one cynical observer of the city's murky political scene.

After an unprecedented 16 years in the mayor's office, Kevin White handed over to Ray Flynn last January and the change means that all the old alliances and associations which have driven local politics for years are again in the melting pot. The pundits have described the changeover as a watershed in Boston's political history.

Mr Flynn, 44, is a Democrat and a member of Boston's powerful Irish community. But there the similarity with his predecessor ends. Mr White was a flamboyant character, admired by some and hated by others who argued that Boston was one of the "great" cities of the world and should do things accordingly.

This attitude did not endear him to Massachusetts State legislators, who had to finance an increasing part of the city's overspending.

Mr White did wonders for Boston's image on a national and international scale. He played a leading part in fostering the downtown development boom and the restoration of such historic landmarks as the Maneuil Hall market place.

Mr Flynn, by contrast, was propelled to power on the back of a widespread feeling that his predecessor's concentration on downtown development at the expense of the neighbourhoods had been overdone. At first sight Mr Flynn appears to lack Mr White's charisma, but he is regarded as a genuinely decent man and he has pledged himself to make his administration as open as possible.

Black treasurer

Sensitive to accusations that his predecessors did not give enough jobs to blacks and other members of Boston's minorities, Mr Flynn has appointed several of them to leading positions in his administration. They include the city's first Black treasurer.

The grandson of Irish immigrants from County Galway and County Cork, the father of Mr Flynn was a longshoreman and his mother an office cleaner. After working for a time as a parole officer in his native South Boston, Mr Flynn served in the Massachusetts State legislature before becoming fully immersed in city politics, where he has taken strong stands on issues such as busing and abortion.

It is early days yet, but Mr Flynn is said to have a much healthier rapport with State Governor Michael Dukakis than some of his predecessors. This *should benefit Boston in its* battle for further state aid.

Mr Flynn has already dismantled a large part of his predecessor's public relations machine and abolished several departments in his attempt to cut costs. The business community is said to be happy with the new mayor, though some of its members fear that the new régime might make unrealistic demands on them.

WILLIAM HALL

The city has gained 50,000 jobs since 1976

More signs of recovery

Economic growth
WILLIAM HALL

ALTHOUGH Boston's finances may still give the citizens some cause for concern, the same cannot be said for the local economy, which is thriving and fuelling the above-average growth of the whole New England economy.

James Sullivan, president of the Greater Boston Chamber of Commerce, argues that in terms of private development his city is "probably the fastest-growing in the U.S." with over $1bn a year of new construction undertaken within the city alone.

Alex Ganz, research director of the Boston Redevelopment Authority (BRA), says that the current year will be the best-ever in terms of completions of major office and hotel projects. "The city has gained 50,000 jobs since 1976 and plans to create another 80,000 over the next 10 years," says Mr Ganz.

Between 1930 and 1960 hardly a new hotel room or office was built in Boston as the city slipped deeper and deeper into economic recessions. But since 1961 the picture has changed dramatically, with major investment in hotel and office projects coinciding with the fundamental changes in the employment structure.

Starting with 20m sq ft of office space in 1960, Boston has since built another 35m sq ft, says Mr Ganz. In mid-1983 eight new office buildings were under construction, totalling 5.8m sq ft.

Since 1960, the number of hotel rooms has been increased by nearly a third and the number is scheduled to increase by another 50 per cent to 11,000 rooms by 1986.

Lewis Mumford, author of several important books on urban sociology, has described Boston as a city "butchered and eviscerated by throughways, parking lots, and embarrassingly impotent bureaucratic erections."

Sensitive to this kind of criticism, the Boston Redevelopment Authority notes that downtown projects under way and planned for 1983-86 account for only half the total, and investment in non-office buildings is the biggest component.

It also notes that a quarter of the money is being spent on converting or restoring old buildings. Bostonians are still proud of their old city. It is, after all, the place where the American Revolution began.

The latest addition to the Boston economy point to the development boom. The $500m Copley Place hotel, shops and office complex will transform the city's "Back Bay" area.

Within a few years it will be joined by a much enlarged Hynes Auditorium which aims to capture for Boston a far bigger slice of the lucrative convention business.

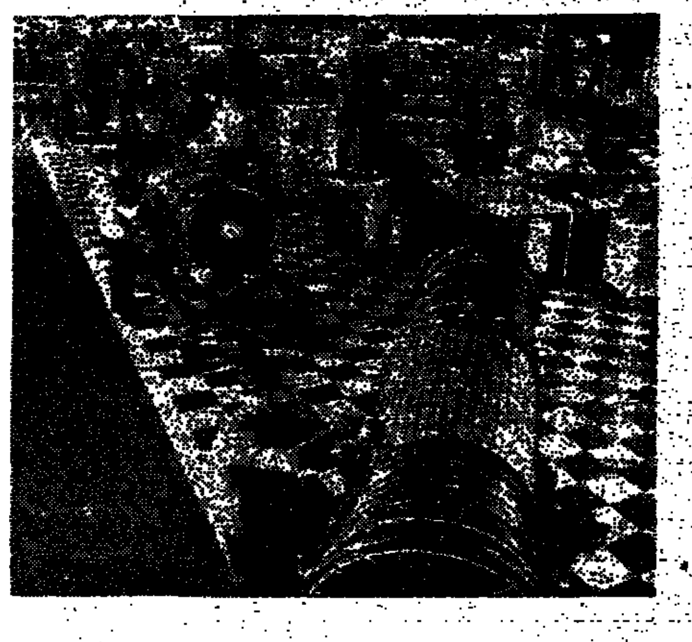
Meanwhile, down on the waterfront, work has begun on transforming the old Commonwealth Pier into a $150m international marketing centre for the computer and communications industries. Known as Boscow, the development is believed to be the first of its kind in the world. Companies such as IBM and Xerox will take permanent stands and Boston is expected to attract 1m visitors a year.

Planning is under way for a third harbour tunnel and related works in a $2.2bn project to ease the city's growing traffic congestion and prepare the ground for Boston's continued expansion over the next 20 years.

This economic buoyancy has enabled the city to handle substantial changes in employment patterns over the past three decades. In 1950 the proportion of the local workforce employed in the service industries was less than a third. Today it is more than half, the highest proportion of any major U.S. city.

The decline in the traditional industries has been more than offset by the growth of the "high-tech" industries in the suburbs and the financial services provided by the banks, insurance companies and fund managers in the central area.

For years unemployment in Boston was higher than the national average. In 1975, 12.8 per cent of the workforce was unemployed, compared with a national average of 8.5 per cent. Today, the unemployment rate is well below the national average and personal incomes have risen faster than in the nation as a whole for the past six years.



Massachusetts State Governor Michael Dukakis: more sympathetic to the city's financial problems than his predecessor, Ed King. Right: General Electric's aircraft assembly lines at Lynn. High technology industry has helped to reduce unemployment to well below the national average.

City with a ticking time bomb

Finance
WILLIAM HALL

THREE YEARS ago Boston was teetering on the brink of bankruptcy. Moody's had suspended the city's credit rating, hundreds of policemen and firemen were laid off and schools were closed. Angry municipal workers caused traffic jams as they demanded that the police and fire stations be reopened.

During 1981 more than a fifth of the city's workforce was laid off and swingeing cuts were made in departmental budgets as the authorities came to terms with the infamous "Proposition 2½" which required Boston, in common with the rest of Massachusetts, to reduce its rate of property tax to a maximum of 2½ per cent of the value of the property.

As property taxes are Boston's main source of revenue (unlike other major U.S. cities) and were running as high as 10 per cent of property values when "Proposition 2½" was introduced, the city's financial predicament was dire.

Worse still, it coincided with another crisis resulting from the so-called "Tregor Decision," which found that the city had been over-assessing certain commercial properties for tax purposes and ordered the authorities to pay back more than $150m. For a few months in the summer of 1981 Boston appeared to be on the verge of financial collapse.

But Boston pulled through and last year it was able to return to the capital markets for funds. In the schools, where there was an estimated 13,000 empty places, the cuts forced a stubborn education committee to close schools for which there was no longer any use, while still retaining one of the lowest pupil-teacher ratios in the U.S.

Departmental "fat" in other areas absorbed some of the expenditure cuts, while the authorities were forced to look for new sources of revenue (such as parking fines) and the state of Massachusetts substantially increased its share of the city budget.

Boston has long had the reputation of being a spendthrift and its ever-growing appetite for property tax revenues was part of the reason behind the taxpayers' revolt in Massachusetts which culminated in the 2½ per cent "cap" on property taxes. Most citizens agree that the financial shocks of 1981 were a salutary experience and Boston is a leaner and trimmer city as a result.

But the financial problems are far from over. Despite a booming downtown economy, Boston's financial state is worse than that of many other major U.S. cities. Besides its unusually heavy dependence on a single source of tax revenue it is small in relation to the more prosperous metropolitan area which it services. (In 1980 the city's population was 563,000, whereas the metropolitan area had a population of more than 2.7m.)

Inferior

About half of all city property is exempt from tax and there is a disproportionate number of poor people. The bulk of Boston's expenditures are effectively fixed, so the mayor can control only a third of the city budget. This gives him little room for manoeuvre.

Jim Howell, the Bank of Boston's senior economist, is one of those who argued against "Proposition 2½." "There is no question that 'Proposition 2½' has made an already inferior education system more inferior," he says.

Sam Tyler, who heads the Boston Municipal Research Bureau, a watchdog body funded by the private sector, believes that the city faces a serious problem next year, with spending running some $40m above even the most generous revenue estimates. Other economists believe the gap is higher still.

Mr Tyler is worried that many of the workers laid off in 1981 have been rehired, and although it is early days with the new team at City Hall he fears that they might be falling back into Boston's bad old ways of spending the money first and hoping that the state of Massachusetts will bail them out before the lights go out.

With elections to the Massachusetts legislature due next year, state politicians are not likely to look kindly on the pleas for yet more financial help unless City Hall can prove it has taken decisive steps to put its house in order. State aid to Boston has risen by 240 per cent over the past six years and now matches the property tax as a revenue source. Boston will be lucky to get a much larger slice in the short term.

In the longer term, Boston, in common with other Massachusetts municipalities, must get to grips with its rising pension costs resulting from an unfunded pension liability of $1.2bn. The annual cost of servicing the city's contributory pension scheme takes up more than 10 per cent of the city budget.

Mr Tyler, who is not prone to hyperbole, describes the pension problem as a "ticking time bomb." Without some change, "it will bankrupt the city on its own," he says.

Economic and political awakening

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erised by companies which have not encouraged trade union activity. As these companies mature this could present a problem.

While Boston's economic revival is due in large part to the explosive growth of its "high-tech" industries along route 128, it is not the sole reason by a long shot.

The city's traditional financial institutions have also found a new lease of life. Boston was the birthplace of the U.S. mutual fund industry some 60 years ago, and, after a lacklustre period in the early 1970s, Boston's investment management industry is once again growing rapidly led by Boston firms such as the privately owned Fidelity Group which manages close to $20bn and is setting the pace nationally in terms of its aggressive marketing of new financial products.

Similarly, the Bank of Boston, which celebrates its 200th anniversary this year, is capitalising on its reputation as one of the most profitable and entrepreneurial banks in the U.S. Meanwhile, the traditionally conservative Boston Life insurance companies, like the John Hancock, are flexing their muscles and moving into new financial areas.

Boston's law firms and consulting companies export their services around the world, and these companies, when combined with the city's traditional financial community, have led to a rapid growth in demand for office space, which the developers have found hard to satisfy. As of mid-1983 there were eight new office towers under construction or planned which will add another 6m sq ft to the city's office stock.

Boston's economic renaissance has also coincided with the city's political reawakening after a long interlude when local politics were marked by by excesssive corruption and graft. Bostonians like to remind visitors that Massachusetts was the only state to vote for *McGovern in 1972 when President* Nixon was re-elected in a landslide victory, and it is the home of John F. Kennedy, a president who fired the ideals of the nation.

For years, the hostility between Boston's traditional "Yankee" families who controlled much of Boston's wealth, and the Irish political "bosses," led to virtually no development taking place in the city. But beginning with Mr John B. Hynes, in the late 1950s a succession of Boston mayors began to work more closely with the business community and have presided over a radical transformation of the city's downtown area.

The spirit of co-operation between Boston's political and business communities has manifested itself in other ways. Boston businessmen talk proudly of the "Boston compact," where high school leavers are given job priority in return for an agreement that local schools raise their educational standards. The Bank of Boston recently gave $1.5m to Boston's public school system—a gesture which would have been unthinkable 10 years ago.

While such initiatives are welcome signs of Boston's changing ways, they also point up one of the more serious problems the city faces in its bid to hold onto its above average prosperity. With its famous universities. Boston may still think of itself as the "Athens of America," and the country's major seat of learning, but its public school system ranks among the worst in the country.

According to one local banker, close to two-thirds of the school children who fill in job applications at his bank, cannot complete the form.

Racial tensions

Another problem which has cast a long shadow over the city in recent years has been its racial tensions. The occasional ugly clashes over such issues as "busing," contrast with Boston's reputation as a liberal and tolerant city which led the abolition of slavery movement in the U.S. Seventy per cent of the city's population is white, the highest of any major U.S. city, yet the Boston Globe recently concluded that Boston shares with Miami the dubious distinction of being one of the most racially intolerant cities in the U.S.

Finally, the city of Boston suffers from unusually severe financial problems which means that the business community is always under pressure to provide more tax revenues. A few years ago Boston's "high-tech" industries in the guise of the Massachusetts High Technology Council, spearheaded a state-wide initiative to curb excessive state spending which culminated in the infamous "proposition 2½" which capped local taxes at 2½ per cent of local property values.

Boston, in common with other Massachusetts towns and cities, has still not fully come to terms with this initiative and the search is on to find fresh sources of revenues. At the state level, talk of a unitary tax is causing growing resentment among the "high-tech" companies who fear it will fall largely on them.

Despite the visible prosperity of its downtown area, Boston faces several problems in the coming years, not the least of which is ensuring that the fruits of the city's economic boom are spread more equally throughout the community.

After 16 years in charge of the city, Kevin White stepped down as Mayor earlier this year and has been followed by Ray Flynn, who promises to put a very different mark on the city.

At the state level, Gov Michael Dukakis, who came to power for the second time just over a year ago, promises to be more sympathetic to the city's financial problems than his predecessor, Ed King, who was backed by the business community.

Finally, at the spiritual level, the Most Reverend Bernard F-Law will be installed as Archbishop of one of America's most Catholic cities, later this month. All three will play a key role in moulding the city's destiny over the next few years.

Money managers' pride in long-term success

"Mr Johnson is not in the public eye; he does not have his name on a fund like Jack Dreyfus, and even the average Wall Streeter draws a blank. My friend Charley with a go-go fund of his own has to be reassured that there is a Mr Johnson." (The Money Game, by Adam Smith.)

ANYONE IN the Boston investment community will tell you that there is certainly a Mr Johnson, although he is retired now and the family owned Fidelity Group is run by his son. With around $20bn under management (including the Magellan fund, the "hottest" mutual fund on Wall Street), Fidelity is the biggest of a bunch of highly successful Boston-based fund managers.

While Boston-born securities firms such as First Boston, Kidder Peabody and Paine Webber deserted Boston for New York when they came of age, Boston's money managers have remained a major force in the city, clustered in the alleys around State Street.

Today, Boston manages more mutual fund money than any other city and in terms of funds under management probably ranks second only to New York, especially if the insurance companies are left out.

"Boston is where all the thinking is done in this country. It always has been," says TA Associates, Peter Brooke. Compared with the transaction-orientated mentality of Wall Street, Boston's money managers pride themselves on being a more reflective lot and this probably explains their long-term success.

George Putnam, chairman of the Putnam family of mutual funds and treasurer of Harvard (a successful investor in its own right) explains Boston's success as follows: "Because money has been passed down from generation to generation, there is an obligation to manage it well. The capital you inherit belongs to your children. You can use the income during your life but the capital belongs to them. As a result there has been a long tradition of professional money management here."

Investment management

WILLIAM HALL

Boston money was made early on in American history. It was made from privateering in the war of 1812, the China clipper trade of the 1830s and the cotton manufacturing trade of the 1840s and 1850s. Boston money was used to finance the development of the West and while there is still plenty of Boston money around, the city's financiers now manage money from all over the U.S., and increasingly from all over the world.

There are several types of money manager. The mutual fund managers are the best-known because of their extensive newspaper advertising But there are plenty of other managers. At one extreme are the banks and the big Boston insurance companies such as John Hancock Liberty Mutual and New England Mutual Life.

Apart from handling their own money they are also active pension fund managers and independent managers such as Fidelity, Putnam and Eaton Vance.

Less visible but still important are the Boston trust companies. Boston Safe and Deposit Company, which was recently acquired by Shearson American Express occupies an interesting niche in the market. It is one of the oldest banks in Boston but does no commercial banking business. Instead it manages billions of dollars ranging from mutual funds and pension fund money down to individuals.

It sees itself as very much the Boston equivalent of a private bank, like Coutts, which serves rich individuals — among other activities.

In Boston the law firms still play an active and successful role as trustees for family fortunes. "Trust companies feel they are hired not to lose money, whereas the private trustee feels he is hired to make money," says George Putnam in explaining why Boston money managers have been so successful over the years.

It was one of George Putnam's ancestors, Justice Samuel Putnam, who first gave Boston the impetus to become an important investment management centre. In 1830 he presided over a test case when Harvard University sued its trustees because they had bought common stock and the value had gone down.

Putnam upheld the trustees' decision and ruled that so long as a trustee invests as he would invest for himself, taking into consideration that income was a factor plus the prudent safety of principal it was perfectly acceptable for Harvard's trustees to buy equities.

This decision, known as the "prudent man ruling," ensured that Boston was a safe place for people to leave their money. It took New York City 100 years before it had such a ruling.

The next big step forward in Boston's development as an investment management centre was the birth of the U.S. mutual fund industry 60 years ago.

Merrill Griswold, a partner in a Boston law firm which handles trust accounts, is credited with establishing America's first mutual fund, Massachusetts Investors Trust, in 1942. Within the next six months two more mutual funds had been started in Boston.

George Putnam's father founded Incorporated Investors and Paul Cabot set up State Street Investment Corporation. All three men played key roles in the growth of the U.S. mutual fund industry over the following decades.

They were able to maintain confidence in their industry and encourage the growth of the mutual fund habit. Today mutual funds control nearly $300bn.

Boston's mutual fund industry, in common with other mutual funds, went through a rough patch in the early 1970s as the slump in Wall Street hit the largely equity-based mutual funds. But the start of the money market funds rescued them.

Mr Johnson's Fidelity Group was one of the first to understand and exploit the potential of these new funds which now account for over half of all funds under management. In 1974 it launched the Fidelity Daily Income Trust, the first money market fund to offer cheque-writing facilities. Since then it has notched up a string of other firsts which have given Fidelity a reputation as one of the most aggressive companies in investment management industry.

Advanced

In 1979 it moved into discount brokerage and now operates the second biggest discount brokers in the U.S. Its Fidelity U.S. account is one of the most advanced cash management accounts on offer, combining a money market mutual fund with discount brokerage, unlimited checking and a range of computerised asset management services.

Most recently, Fidelity has had permission from the U.S. Comptroller of the Currency to establish the Fidelity Bank and Trust Company. This will allow it to hold the pension fund assets as well as manage the money.

While Fidelity is the most aggressive of the Boston fund managers it is also one of the last truly independent operators. Most of the others have been acquired by larger financial institutions. Sun Life of Canada has bought Massachusetts Financial Services, Metropolitan Life has bought State Street, and New England Mutual has a majority interest in Loomis Sales.

BOSTON FUND MANAGERS

Name	Funds under management ($bn)	Ownership
Fidelity Investment	20.0	Independent
Loomis Sayles and Co.	12.5	66% owned by New England Life Insurance
State Street Research and Management	12.0	Metropolitan Life Insurance
Putnam Management	12.0	Marsh and McLennan
Batterymarch Financial	11.3	Independent
Scudder, Stevens and Clark	11.0†	Independent
Massachusetts Financial Services	8.0	Sun Life Assurance Company of Canada (U.S.)
The Boston Company	6.1	Shearson-American Express
Keystone Massachusetts Group	5.0	Travelers Corporation
Eaton and Howard, Vance Sanders	3.0	Independent
Colonial Management Associates	2.5	Independent

† Discretionary money, excludes money market funds and cash management.

TOP FIVE BOSTON-BASED BANK HOLDING COMPANIES

(year ended December 31 1983)

Holding company	Total assets ($m)	Growth rate	Net income ($m)	Growth rate (decrease)	Total deposits ($m)	Growth rate	Return on assets	Return on equity	Loan loss provision ($m)	Non-performing loans and lease receivables ($m)	As % of loans
Bank of Boston*	19,538.0	+ 7.0	135.7	+9.0	12,281.0	+ 6.0	0.72	14.44	54.0	326.0	2.7
Bank of New England†	5,600.9	+14.5	36.6	+2.7	4,687.4	+19.5	0.66	14.23	19.5	66.5	1.72
Shawmut Corporation	5,775.2	+ 7.1	32.0	(3.0)	4,298.7	+ 8.6	0.62	11.68	24.0	68.5	2.1
Baybanks	4,639.3	+25.1	32.0	(3.7)	3,921.2	+23.8	0.77	13.0	5.1	15.2	0.6
State St. Boston Corpn. and subsidiaries	4,044.4	+ 3.3	38.5	(21.3)	2,485.4	+ 1.0	1.03‡	18.3‡	4.7	5.4	0.39

* Announced a definitive acquisition agreement with Colonial Bancorp, a Connecticut-based bank holding company with over $1.3bn in assets; and RIHT Financial Corporation of Rhode Island, with over $2bn in assets. Agreement to acquire Casco Northern Corporation, the largest banking organisation in Maine with $659m in assets. Purchase an equity stake in the Chittenden Corporation, the largest bank holding company in Vermont with assets of $882m. † Merger pending with CBT Corporation of Hartford Connecticut, with assets of $1.6bn. Agreement to acquire Maine National Corporation of Portland, Maine, with assets of $904m, subject to approval. ‡ Excludes from earnings the impact of the loss on the sale of subsidiaries of $2,510,000, net of taxes and related expenses.

A key 'port of call'

THE NAMES TA Associates; Greylock; Palmer Organisation; the Charles River Partnership; Burr, Egan and Deleage; Morgan, Holland; Matrix Partners and several more may mean little or nothing to the ordinary investor, but in the U.S. venture capital business these Boston companies are well known.

The city can fairly claim to be the birthplace of the U.S. venture capital industry, and although it has been overtaken by California in sheer numbers of venture capital firms, Boston is still one of the first ports of call for any U.S. entrepreneur with a good idea.

General Georges Doriot, who was teaching at Harvard in the late 1940s, is widely regarded as the industry's founder. With another Bostonian, Bill Coolidge, who was close to MIT, the two men decided that technology could not only be of use to the country but also very profitable.

They managed to raise some cash and set up American Research and Development (ADR). Like many venture capital companies it was not particularly successful in its early days but it finally began to prosper on the back of its investments in companies like Digital Equipment.

In 1972 ADR was taken over by Textron but it is still active in the Boston venture capital comunity and several of the city's better-known venture capitalists cut their teeth at ADR before moving on to set up their own firms.

Today, Peter Brooke of TA Associates is regarded as another founder of Bostonian venture capitalism. He began life as a commercial banker at the First National Bank of Boston and was an active lender to the infant "high-tech" companies before branching out on his own.

TA Associates (it received its initial backing from the Boston brokers Tucker, Anthony (hence the TA). It was set up in 1969, inviting outside investors to put up money for its first limited partnership, Advent One. It raised $4.3m and opened for business with the objective of "identifying emerging growth industries and investing capital in leading companies in those industries to obtain modest current and above-average capital gains."

Fifteen years later the firm still adheres to this basic formula to guide it in its venture capital investments in North America and in most of the major industrialised countries in the world.

Soon after TA Associates got going the bottom fell out of the stock market; but despite the traumas, Advent One turned in a respectable performance, with investors receiving a return of 11 per cent compounded annually.

It was followed by Advent Two, which raised $8.1m in 1972 and over the next ten years was able to provide its investors with an overall return on capital of 32.1 per cent compounded annually.

One of its most spectacular investments was a £380,000 stake in Tandon Corporation, a manufacturer of computer disc drives. By mid-1982 this investment had risen 76-fold to $29m.

Like all venture capitalists,

The venture capital sector

WILLIAM HALL

TA Associates has had its share of bad investments. But because investors pool their risks in limited partnerships the overall performance of the partnerships has rewarded investors well. Advent Two has been followed by Advents Three, Four and Five.

TA Associates' success in identifying good investment opportunities is reflected in the fact that Advent Five has over $165m to invest. The current programme expects to involve around 55 direct investments in small growth companies, which will be handled by 18 professionals.

TA Associates' experience has been mirored by several other well-known groups in Boston. Most of the players are small firms whose names are not well known outside the venture capital world.

Some big banks, such as Citicorp, have set up venture capital operations, but Peter Brooke believes that big institutions are at a disadvantage in that they find it difficult to give venture capital professionals the flexibility and compensation which the small firms can offer.

One famous Boston institution which would probably challenge this view is the city's biggest life insurance company, the $30bn John Hancock, which recently set up the John Hancock Venture Capital Fund Limited partnership.

This venture, believed to be the first of its kind, surprised even some of Hancock's executives by its success in raising nearly $150m from people wanting to invest in the venture capital industry.

Whereas TA Associates and the other small Boston venture capital firms place their investors' funds directly into infant companies, John Hancock, like all good insurance companies has decided to spread its risks and has chosen to invest one-third of the fund in a portfolio of other people's limited partnerships (of which Advent Five is one). The remaining two-thirds is being invested directly.

In these instances it invests alongside other well-known venture capital concerns and again limits its risk by matching its own assessment of a company's potential with the more experienced views of other venture capitalists.

D. Brooks Zug, a director of John Hancock Venture Capital Management, admits that when he started some of the potential investors in his fund had "very legitimate" doubts as to whether a big firm like Hancock could be as enterprising as the small "boutique" type operations.

His success in stilling their doubts is reflected in the sum of money raised (Hancock itself chipped in only $14m).

Mr Brooks Zug believes there is a real advantage in having a large institution like Hancock associated with small investments. From the company's point of view it helps to have a household name like Hancock among the shareholders when it starts thinking of going public through a share offering on the over-the-counter market.

"If it is good enough for Hancock it is good enough for me," is a thought which Mr Brooks Zug hopes to exploit in his attempt to win a useful share of the U.S. venture capital business.

Whereas Brooks Zug and Peter Brooke might disagree on the relative effectiveness of big versus small firms in the venture capital business, one problem they share is the growing difficulty in finding a good home for their money.

More than $10bn has been poured into U.S. venture capital investments in the past five years, while over $4bn was committed by investors in 1983 alone as word got round about the kind of returns being made on venture capital investments.

As a result, the pricing of venture capital deals has come under severe pressure and returns are slipping.

"People seem to think now that venture capital investing is as easy as falling off a log," Peter Brooke says of the new competition. "We are coming into a very diffcult period and investment returns are not going to be what they were."

Radical changes now under way

Banking

PAUL TAYLOR

BANKING in Boston is undergoing sweeping changes, radically altering the structure of the local banking market and expanding the financial products and services the major companies now offer.

The changes are in response to two separate but related developments. The most immediate are new competitive pressures in Boston, as elsewhere in the U.S. banking industry, from the non-banks like Sears, American Express and Merrill Lynch, foreign banks like Lloyds and Barclays of the UK, and the big "money centre" banks like Citibank and Bank of America.

These new competitors are posing a direct challenge to the established Boston banks in several distinct banking markets, including retail and commercial banking at the same time that interest rate deregulation and changes in Federal legislation are changing the very basis of banking and placing a premium on service quality, product range and lower distribution costs.

But the more dramatic and visible changes stem from Boston's role as the "financial capital" of New England, which is itself the centre of a bold and unique new banking experiment.

The "New England Experiment," as it is called, represents the first attempt to create a regional interstate bank network based on changes in state legislation which freely permit interstate mergers and acquisitions within New England but generally restrict entry by banks outside the region.

As such, it poses a direct challenge to current Federal geographic banking restrictions, has led to a spate of legal suits from banks outside New England, particularly those in New York, which are angry about being excluded. It is also seen as a potential model for regional interstate banking agreements elsewhere in the U.S.

In Massachusetts the new state legislation permits mergers and acquisitions between banks in any New England state with reciprocal legislation. But it contains an "anti-leapfrogging" provision which specifically excludes New York-based banks which own banks in other New England states from acquiring banks in Massachusetts.

In their wake the new laws, coupled with competitive pressures, have generated a massive move towards consolidation in the region. Currently about 12 major mergers are planned and more are expected.

"I think it is just getting strated," says Frank Morris, president of the Federal Reserve Bank of Boston. "I think some banks may be holding back because the constitutionality of the Massachusetts is being challenged."

If the new laws are upheld, Mr Morris believes that "over the next five or six years we will see a very substantial consolidation"—a move which he thinks might reduce the number of banks in the region by at least 10 per cent.

The push towards consolidation partly reflects pressures which determine that, for example, only the largest banks can afford to invest in electronic payment systems and benefit from economies of scale. But it is also seen by some bankers in Boston as a "stepping stone" preparing New England banks for the time when Federal interstate banking barriers come tumbling down and opening the whole of the market to the major money centre banks and others.

For the moment the major contestants in the first wave of mergers have been the larger New England banks—including those in Boston.

More plans

Among the planned mergers which have already been announced, Bank of Boston, the largest bank in the region and the 18th largest in the U.S., has agreed to acquire Casco-Northern Corporation in Portland, Maine, for $55m, Colonial Bankcorp of Waterbury, Connecticut, for $75m and RIHT Financial Corporation, Rhode Island's third largest bank, for $120m.

But the biggest planned merger involves the Bank of New England, the fourth largest bank in New England with $5.5bn in assets, and CBT Corporation, the holding company for Connecticut Bank and Trust Company, the third largest banking group in New England with $6.1bn in assets.

In February, CBT and Bank of New England announced plans to acquire Maine National Corporation, Portland's fourth largest bank, with $605m in assets, for $75m.

The new combined banking group will have 280 offices in the states and assets of $12.5bn, ranking it an easy second in the region after Bank of Boston, which has $19.5bn in assets.

Bank of Boston itself is in the final stages of completing a new strategic plan which will map out the future direction of the 200-year-old institution. Backed by its enviable reputation, its power as a regional money centre bank in its own right and its extensive foreign operations, Bank of Boston's major challenge is perhaps to retain its status and pre-eminence.

Mr Barry Allen a Bank of Boston vice-president, puts it simply: "We are the premier bank in New England and we want to stay that way and grow. New England is our base but we are also a major international bank."

The bank has been particularly successful in exploiting its local market — especially the growth of high technology companies in the area. Bank of Boston was one of the first banks in the U.S. to have a venture capital subsidiary and has remained a major lender to many of these companies.

The bank is also a major player in the wider U.S. domestic and international markets — mainly by virtue of developing particular niches. For example, it runs the ninth largest bank leasing company in the U.S., and the third largest stock transfer service.

Internationally, it business was founded on trade financing, but it has expanded to include a full range of services both to domestic and international customers — and a somewhat less welcome exposure to some of the troubled and less developed nations in Latin America.

In contrast the second tier in Boston's banking structure — the other four major market players — have more limited international horizons, although Shawmut Bank Corp recently completed the acquisition of Techexport, an export trading company with $17m in sales last year, and most of the other banks have some limited international exposure.

Generally, however, Boston banks have adapted to change by adopting a niche strategy. Among the other majors, Baybanks Inc, which like all Boston banks is a multibank holding company reflecting the still restrictive nature of intrastate branching regulations in Massachusetts, has successfully emphasised its retail banking business and now operates the largest retail network in Massachusetts.

State Street Bank, the smallest of the five largest Boston banks, has emphasised trust management, processing and other fee-generating services. Together these services last year generated between 60 per cent and 70 per cent of its profits compared with around 10 per cent for the average bank.

In particular, State Street has become a major player in the rapidly expanding new market for stock index products, operating two seperate stock index futures funds with total assets under management of around $200m and counting among its 15 or so major corporate pension fund investors such companies as IBM, Arco and GTE.

Speculation

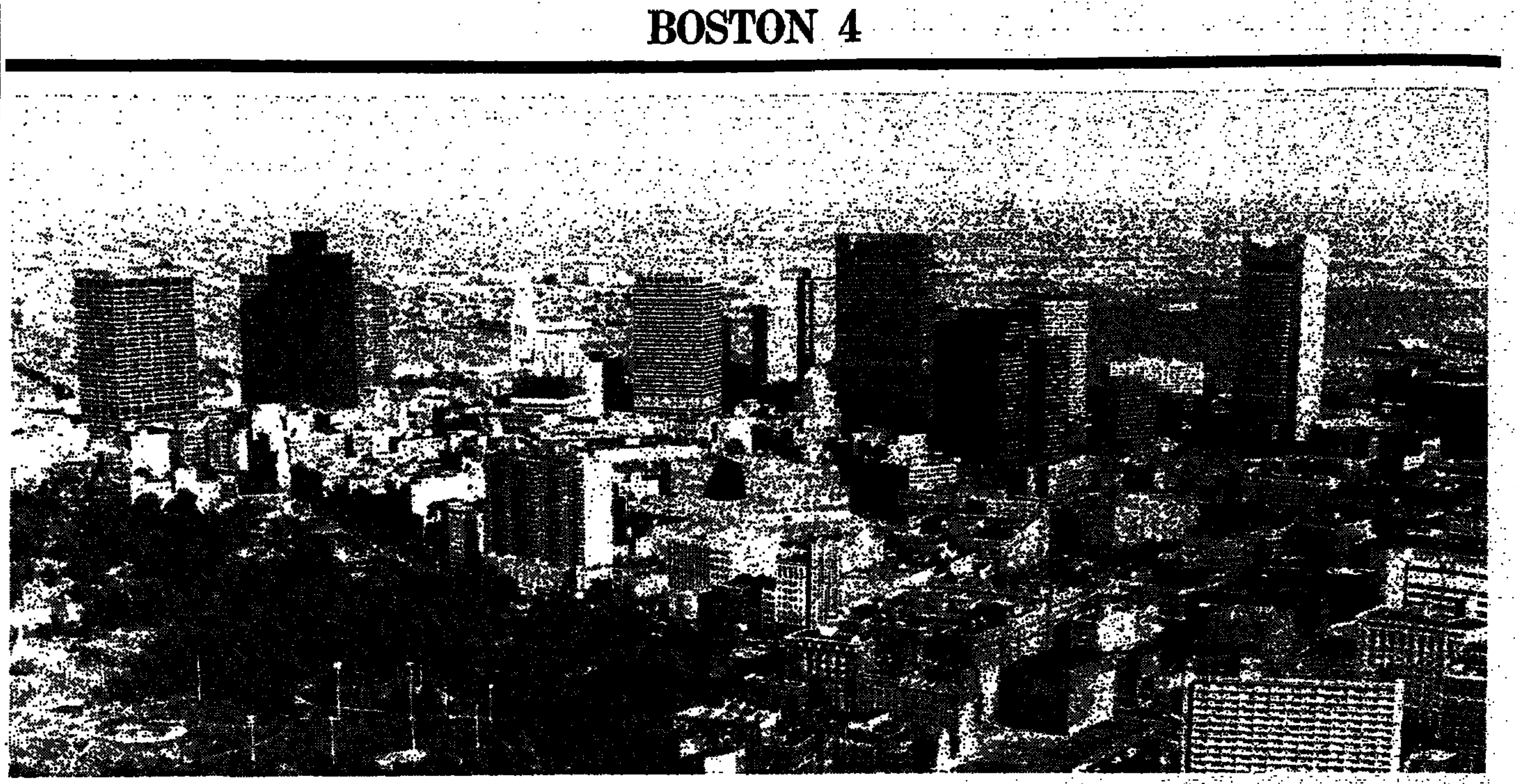
These attributes, together with the lively regional economy, have raised speculation that one or more of the major Boston banks could become the target for foreign bank acquisition. So far this has not happened, but a growing number of foreign banks, and banks from outside New England, are active in the local market—putting further pressure on lending margins.

Among the foreign banks with Boston operations, Barclay's Bank of the UK was one of the first to set up a branch in the city 12 years ago. Since then Barclays has been followed by two Canadian banks, one Israeli bank, a Greek bank, and by Lloyds, which opened an office in 1982.

Their positioning within the market has varied from bank to bank. Some like the National Bank of Greece, have concentrated on the ethnic market for retail and commercial banking services. Others have stressed commercial lending in the already fiercely competitive middle market, especially to high tech companies, and to the major multinationals to which they can offer extensive trade and other international banking services.

What is certain is that their presence, together with "loan production offices" for many of the major U.S. money centre banks and the strong and highly developed thrift industry in the region, is putting further competitive pressure on the indigenous Boston banks.

This pressure appears likely to maintain, if not accelerate, the pace of change in a historically conservative market.



Boston, one of the oldest cities of the U.S., is now experiencing a de velopment boom, plus substantial changes in employment patterns

Boston's booming high-tech sector is a key to the future prosperity of eastern New England

The envy of many other U.S. cities

High technology industry

PAUL TAYLOR

IN BOSTON they call it, with a certain pride, "knowledge-intensive manufacturing industry"; and they refer to the industrial belt between Route 128 and Route 495, which encircles the city, as the "Silicon Valley of the North East."

Such pride is understandable. The low, often plain-looking buildings which dot the rolling Massachusetts countryside to the north and west of Boston house a booming high-tech industry, which is a key to the transformation of the New England economy and the envy of many other states and other cities in the U.S.

The emergence of Boston and its environs as an area accommodating a broad selection of high-tech companies — ranging from computer and information processing concerns to those specialising in defence electronics, drugs, biotechnology, robotics and medical instruments — is seen as a crucial factor in the recent performance of the state's economy. Perhaps more importantly, it is also seen as the key to the future prosperity of eastern New England.

For example, although the region felt the effects of the recent recession they were relatively mild. In Massachusetts high technology companies now account for more than 250,000 jobs and over 40 per cent of total manufacturing jobs in the state.

Lynne Browne, vice president and economist of the Federal Reserve Bank of Boston, writing in the Fed's New England Economic Review, noted that "a major reason for New England's strong performance" during the recent recession "was high technology manufacturing."

The regional economy's disproportionate share of high-tech industry has, in the view of many economists, cushioned it against the worst effects of economic recession.

This concentration of high-tech industry, particularly around Boston, is immediately apparent from the corporate names on the buildings along Route 128 and from the list of companies with headquarters, or with major facilities, in the area.

HIGH TECHNOLOGY EMPLOYMENT IN MASSACHUSETTS

INDUSTRY	EMPLOYMENT 1976	1977	1978	1979	1980	1981	Change (%) '76-'81
Drugs	2,079	2,059	2,283	2,694	2,723	2,831	36.2
Ordnance of accessories	4,586	4,921	4,894	5,124	5,447	5,559	21.2
Office of computing and accounting machines	21,386	27,060	31,459	39,116	46,142	48,575	127.1
Electrical and electronic machinery, equipment and supplies	83,800	91,000	98,300	104,000	110,500	111,300	32.8
Guided missiles and space vehicles and parts	11,294	11,819	12,158	12,317	11,647	11,289	—
Miscellaneous transportation equipment	1,872	1,660	1,456	1,113	1,062	1,336	—28.6
Instruments, photographic, medical and optical goods, watches and clocks	45,100	51,500	56,400	57,500	58,500	61,300	35.9
TOTAL	170,117	190,019	206,950	222,464	236,021	242,190	42.4
All manufacturing	593,600	621,100	652,100	672,100	674,900	666,800	12.2
High technology as a percentage of all manufacturing	28.7	30.6	31.7	33.1	35.0	36.3	

Research: Rivka Nachoma.

'Big guns'

In the information processing field there are companies like Digital Equipment Corporation (DEC), the second largest computer company in the world after IBM; Wang Laboratories, the leading office automation concern which has headquarters in Lowell, Massachusetts; and Data General, the fast-expanding leader in the 32-bit "supermini" computer market.

They are the "big guns" of this new industry and they are growing fast. Last year Wang reported a 33 per cent increase in revenues to $1.54bn and a 42 per cent increase in earnings to $152m.

Mr John Cunningham, president of Wang, predicts that while the pace must slow — the company has grown at an annual rate of 47 per cent in the last four years alone — Wang "will continue to be the leader in office automation" and will have annual revenues of at least $5bn by the end of the decade.

In the applications market Computervision, headquartered in Bedford, Massachusetts, has an estimated 23 per cent share of the computer-aided manufacturing business, and, says Martin Allen, the chairman, it expects to grow by 35 per cent a year over the next five years. Last year Computervision, which has customers like John Deer, Westinghouse, British Shipbuilders and a host of major car makers, reported earnings of $35.3m on sales which increased from $325m to $400m.

Among the emerging software companies are Cullinet, one of the largest independent vendors in this field, which has been growing at between 50 and 60 per cent a year; Lotus Development, which recently introduced its follow-up to its successful Lotus 1-2-3 integrated programme; and Spinnacker Software, which is carving a major slice of the expanding market for educational software.

Among the more established *high-technology companies with* major facilities in the area are Honeywell, Raytheon, Polaroid and General Electric. GE employs more than 13,000 people in the Boston area manufacturing aircraft jet engines, steam turbines, generators and precision gears.

The latest wave of high-tech companies to set up in the area include biotechnology concerns like Biogen, Genetics Institute and Damonbiotech, robotics manufacturers like Automatix and a growing number of concerns exploiting current research into "artificial intelligence," or "thinking computers."

Many reasons are given why Boston and Massachusetts have been so successful in attracting, nuturing and — at least so far — in keeping these new industries. The most frequently cited are the intellectual heritage by such excellent institutions as Massachussett Institute of Technology (MIT) and the world-famous University of Harvard at Cambridge, Massachusetts. The availability of funding and the generally favourable environment are also of great importance.

Neville Lee, senior regional economist at the Bank of Boston, lists the following as key factors in the growth of science-based institutions in the region.

- An exciting agglomeration of high technology companies which provide a market for new companies.
- An industrial base with many companies at the innovative stage of development *which can act as incubators.*
- The presence of scientific and technological research institutions involved in "state of the art" development, university faculties and advanced private enterprise laboratories.
- The relatively low production costs in New England, which has the lowest "real" wages in the U.S.
- The availability of venture capital to finance start-up and expansion.
- A willingness to foster and reward technical enterprise.
- Skilled and experienced workers.
- The region's ability to attract Federal Government procurements of advanced defence technology.
- An enterprising and energetic banking system ready to encourage and promote innovation and further growth.

TOP 15 EMPLOYERS
(in Boston area)

Company	City	No. of employees
Raytheon Cpn	Lexington	72,000
Digital Eqpmt	Maynard	67,100
Gillette Co	Boston	30,200
Stop & Shop Companies	Boston	29,000
J. Hancock Mutual	Boston	20,216
Wang Laboratories	Lowell	19,760
Liberty Mutual	Boston	18,791
Data General	Westboro	15,210
Poloroid	Cambridge	14,540
Bk of Boston	Boston	13,000
M/A-Com	Burlington	8,739
Eastrn Gas & Fuel Assoc	Boston	8,470
New England Mutual	Boston	8,218
Dennison Manftng	Framnghm.	8,200
Cabot Cpn	Boston	7,500

Research: Rivka Nachoma

Industrial leaders cite a similar set of reasons, placing particular emphasis on the benefits in terms of sheer brain power which accrue from having 47 universities and colleges in Greater Boston alone.

The close relationship which exists between the academic world and private enterprise is perhaps most apparent at MIT. Even so, this pioneering institute has a strict set of rules designed to avoid and resolve "conflicts of interest" which might arise from the direct private-sector funding of research at the institute or the commercial interests and aspirations of academic staff.

Dr Paul Grey, president of MIT, says he believes the end result is beneficial both to the institute and industry. In particular, he believes the relationship "keeps us in touch with the real world."

What is beyond doubt is the major role that the high concentration of academic institutions in the Boston area has had as a breeding ground for new ideas and commercial products. Some estimates suggest that MIT alone has helped directly in the establishment of more than 300 high-technology companies.

Of these, DEC, with an annual revenue of $4.2bn, is the largest. It was founded by Kenneth Olson, MIT graduate. Dr An Wang, the Shanghai-born founder and chairman of Wang Laboratories and inventor of the magnetic core memory, received his doctorate from Harvard.

Spin-offs

These companies have in turn had their own spin-offs. Ed De Castro, Data General's founder and president, who has just completed a major reorganisation of the company management structure, left DEC to start his own company. Data General, which had a revenue of $829m last year, has just reported *earnings in its latest* quarter of $9m, almost treble those of a year ago.

Mr De Castro predicts that Data General "will be one of the six remaining companies" in the information processing business in the year 2004.

Another key factor in the development of Boston's high tech belt has been the availability of start-up and development capital from both private and public sources, for Massachusetts has perhaps the most advanced and comprehensive set of industrial support and development agencies in the U.S.

Among them is the Massachusetts Industrial Finance Agency, set up in 1978 to assist companies to obtain low cost funds for development through the issue of industrial revenue bonds. So far MIFA has helped to secure $2.3bn in loans, including $402m for 235 projects creating an estimated 19,000 new jobs in high-tech industry.

Under an new programme which is believed to be the first of its kind, MIFA is planning to issue 100 per cent guaranteed fixed-rate long-term bonds in the public credit markets backed by an as yet unnamed major U.S. insurer which would assume 75 per cent of the risk, with the agency assuming the remainder.

Such programmes could go some way towards solving one of the major questions facing Boston and its region. Having attracted a new high-tech industrial manufacturing base can it retain it?

Tax issues

Some industry leaders are already worried that the current Massachusetts state administration of Governor Michael Dukakis may create a less hospitable climate for business. In particular they cite tax issues, including the state's proposed complex unitary tax law provision which would hit those Massachusetts-based high tech companies that have extensive overseas operations and earnings particularly hard. There are alo other planned legislative changes such as new restrictions on plant closures.

If these changes are made, business leaders suggest, some companies may move their operations out of Massachusetts. At the least, they believe they would slow the growth of high-tech industry in the state and hasten a new but already apparent trend towards building "second phase" factories elsewhere—often in the southern Sunbelt states.

As Mr Lee of Bank of Boston, says: "Because of the increasingly footloose nature of capital investment, especially in the rapidly changing technology-based industries, the long term growth of the region's economy will require continued co-operation among the business, financial, academic, organised labour and Government communities to maintain the competitiveness of the New England economy, strengthen the links between companies and private capital spending, and provide job opportunities in all parts of the region."

So far the debate on these issues is something of a shadow boxing match. But high-tech industrialists are beginning to flex the political muscles that come with business success and indicate that if the Boston area is to retain its much-prized "Silicon Valley" status then its voice had better be heard.

Parker Knoll holds profit: orders show improvement

LOWER INTEREST charges has enabled furniture and carpet manufacturing group Parker Knoll to show a marginal lift in first half profit from £1.4m to £1.42m. This represents a satisfactory performance, says the chairman Mr Martin Jourdan.

There has been improvements in demand but it is difficult to be certain whether these will be sustained throughout the rest of the year. However, the chairman expects to be a "little more cheerful" now that he was in the autumn.

The interim dividend is raised from 2.5p to 3p net per share in order to reduce disparity, and should not be taken as an indicator of any increase in the final—6p last year when profit reached £3.17m.

Mr Jourdan says that in January there was an improvement in demand for furniture, and outstanding orders for Parker Knoll and for Nathan are "at a more satisfactory level." The latter has further reduced its losses to £111,000.

At Raymakers the order book is healthy and the new looms are adding to despatches; Mercia carpet sales have been dull. The outlook for the textile division generally is improving and exports in particular "show a worthwhile increase."

Sales for the six months ended January 31 1984 totalled £20.26m, against £18.76m. Trading profit was £1.45m (£1.49m) subject to depreciation £451,000 (£466,000) and interest £40,000 (£86,000). After tax £569,000 (£560,000) the net profit came to £853,000 (£841,000) and earnings to 11.7p (11.5p) per share.

Unidare ahead

Unidare, the Dublin-based manufacturer of electrical cables and transformers, pushed its pre-tax profits up from I£2.17m to I£2.65m for the 1983 year on a I£1.13m rise in turnover to I£45.84m.

A final dividend of 6.5p (5.5p) lifts the net total by 1p to 8.5p per 25p share. Pre-tax profits of £868,000 (£735,000) were reported at the interim stage.

Barclays climbs 12.5% to £557m

Barclays Bank, the first of the big four clearers to announce its 1983 results, has reported a 12.5 per cent rise in pre-tax profits from £495m to £557m for the year. The result was after charging an increase in bad and doubtful debt provisions to £475m, against £328m in 1982.

However, a larger tax charge of £220m (£131m) partly reflecting reduced leasing activity and increased minorities, meant that net attributable profits dropped by 12 per cent from £329m to £289m.

Earnings per £1 share were down from 96.7p to 84.8p, but the group is maintaining its policy of dividend growth—albeit at a lower level—with a 12.5p final lifting total net payments to 24p (22p).

The growth in underlying group trading results has been good, the board states, particularly in the international division where there has been a strong recovery in profits from £146m to £224m.

The results have been achieved in spite of a continuing high level of provisions, reflecting specific and general problems experienced by borrowers in some sectors at home and abroad.

At £390m, the charge against profits in respect of specific provisions showed a significant increase over 1982. Of this, £180m arose from domestic operations, including subsidiaries, and £210m from international activities.

In recognition of the repercussions of continuing troubles in the world economy on the value of the group's assets, Barclays has also charged against profits £85m in respect of general provisions, which now stand at £306m.

Group profits in 1983 were up by £97m to £659m. These were broken down geographically as to:—domestic—Barclays Bank £314m (same), Barclays Merchant Bank Group £11m (£8m), Mercantile Credit Group £33m (£42m), other domestic companies £67m (£52m), making £425m (£416m); international—UK £30m (£25m), U.S. £15m (£35m loss), South Africa £118m (£79m), rest of the world £70m (£79m), making £234m (£146m).

The world's financial and economic difficulties have called for banks to reinforce their capital adequacy, the board says, and during 1983 Barclays increased its capital resources by over £700m through profit retentions and loan capital issues.

Sir Timothy Bevan, the chairman of Barclays Bank, where bad and doubtful provisions increased from £328m to £475m in 1983, reflecting specific and general problems experienced by borrowers in some sectors at home and abroad

As economic recovery gathers speed in the UK and overseas, Barclays is well placed to continue to play its part in supporting investment in industry and financing exports.

The profits contribution of Barclays Bank, which incorporates the UK clearing bank and Barclaycard operations, equalled the amount for 1982. Profits of the clearing bank operations were slightly below the previous year's level principally as a result of higher provisions, and also that 1982 benefited from investment profits of £45m.

The interest spread improved over the year; the growth in overheads, which was closely controlled, was more than matched by the increase in commission income. Barclaycard maintained a high level of activity and a record operating profit was achieved.

Mercantile Credit profits declined in 1983, essentially due to bad debt experience where provisions were nearly double last year's level. On the other hand, profits of most of the group's other UK based companies increased satisfactorily, with particularly good performances from insurance services and from the trust company.

Barclays Bank International profits were 60 per cent upon 1982. Despite the need for substantial provisions, improvements occurred in most of the areas in which the group operates. In particular, the group's South African operations reported a notable increase in profit.

There was also a welcome turn-around in profitability in the U.S. with Barclays American corporation again performing well. Foreign exchange and international finance operations in the UK made useful contributions.

The planned merger of Barclays Bank and Barclays Bank International, which, subject to parliamentary legislation, will take place on January 1 1985, will further strengthen the group as a major British force in increasingly competitive world banking, the board states.

Total assets rose by nearly £6bn (10 per cent) in the year, of which about one fifth arose from the decline in the value of sterling against the U.S. dollar and other currencies. Of the total increase, £2bn was attributable to domestic operations—principally the UK clearing bank—and £4bn to international operations—with the bulk occuring in the U.S. and South Africa.

In current cost terms, pre-tax profits were £414m (£349m or £365m restated).

Loan capital has been materially increased by further currency issues in the U.S. and on the Euro-market and the receipt of the final instalment of a 1982 sterling issue in the UK. As a result of these issues and the retention of profit within the business, capital resources were increased by 20 per cent and at the end of 1983 were equivalent to 6.6 per cent of total assets compared with 6.0 per cent at the end of 1982.

Tax charged against profit for the year has been reduced by £98m (£128m) due to the deferment of tax liabilities for which provision has not been made. The total amount of potential taxation not provided at December 31, 1983 is £827m (£732m).

The directors consider it prudent to continue to maintain a provision of 25 per cent of the potential tax liability in respect of the group's UK leasing business.

	1983 £m	1982 £m
Interest income	8,940	7,001
Interest expense	6,573	5,055
Net interest income	2,367	1,946
Other operating income	829	716
Operating expenses	2,158	1,908
Staff	1,332	1,183
Prop. and equipment	391	330
Other	435	395
Making	1,038	754
Bad and doubtful debts	475	328
Invests. realisation	19	61
Operating profits	582	487
Share of associates	77	75
Group profits	659	562
Loan interest	102	67
Profits before tax	557	495
Tax	220	131
To minorities	48	35
Attributable	289	329
Dividends	82	75
Retained	207	254

See Lex

Ransomes 3p dividend lift as profits exceed £3m

ALTHOUGH there are no real signs of any significant recovery in world trading activity, Ransomes Sims & Jefferies has increased its pre-tax profit by £1.17m to £3.22m for 1983 — a £667,000 rise in trading profit and a £502,000 saving in interest charges. The dividend is lifted from 12p to 15p net, the final being 10p.

Improvement in the control of working capital, particularly stock, continued to be a feature of 1983. Borrowing have been reduced during the period by £5.29m to £8.32m; since the peak in 1980 they have been cut by nearly £10m, the directors report.

In the current year they are looking for a "further useful improvement" in profits, coupled with another reduction in borrowings. Attention will continue to be focused on control of working stock and it is anticipated there will again be a positive cash flow.

The group's activities cover the manufacture of grass and farm machinery, industrial castings and property development. Sales advanced from £44.75m to £49.28m and all companies contributed to the better result, with an "appreciable increase" being earned by Ransomes Inc.

Progress has continued on the rationalisation of the parent's manufacturing operations and on the reduction of building space.

Trading profit was £4.92m (£4.25m) and interest charges totalled £1.7m (£2.21m). Deducting tax £1.05m (£312,000) minorities £26,000 (same) and crediting extraordinary items £95,000 (debiting £196,000) leaves the available profit at £2.19m, against £1.52m. Earnings are shown at 37.7p (30.7p).

● comment

A combination of new policies at both the trading and non-trading level has helped Ransomes, Sims and Jefferies to break out of the profits plateau it has been on for the past decade. In simple terms the company has decided to narrow substantially its product range and get to grips with borrowings. On both fronts it seems to be succeeding admirably. As far as the former is concerned, the company is making better headway by concentrating almost exclusively on the professional end of the grass cutting market and, in the farm machinery division, on tillage products and sprays. In geographical terms the impact seems to have been greater in the U.S., where up to half the group's profits now originate. Elsewhere, RSJ has done well to cut borrowings in half since 1980, mainly by better stock control where there is now a more realistic balance of finished products and spares. These fundamental changes should enable further progress to be made alongside the continued rationalisation of manufacturing operations and extension of the dealer network in the U.S. On this basis the shares at 328p, up 15p, where the p/e on stated earnings is 8.4 (11.5 fully taxed) and the yield 6.7 per cent look undemanding.

43% profits growth for British Vita as conditions improve

THE ECONOMIC recovery trend and the ability of being able to take advantage of improved trading conditions, are reflected in the results of British Vita for 1983. These show that turnover has risen 12 per cent to £109.68m and profit before tax has surged ahead by 43 per cent, from £7.38m to £10.55m.

Mr F. A. Parker, chairman of this manufacturer of foam, fibre, fabric and polymeric products, says in the UK and Europe the company has emerged from a period of harsh trading having retained its market share and with a substantially improved profit.

Economic and debt problems of some third world countries are reflected in the international results, but the overall second-half figures are an increase over the two previous half years. Higher profits from the rest of Europe were counterbalancing the difficult trading problems in some African countries.

The group pushed up its gross profit from £22.7m to £26.58m and operating balance from £5.06m to £7.95m. After tax £3.85m (£3.51m), minorities £123,000 (£99,000) and extraordinary debits £418,000 (£301,000), there is an available profit of £6.16m (£3.27m). Earnings are 24.2p (14p) per share and the dividend is raised to 5.9p (5.4p) with a final of 3p. Holders registered April 6 will receive a one-for-10 scrip issue.

At the year-end the net asset value had risen to 164p, compared to 152p a year earlier. Average capital employed was £50.8m (£47.8m) and the return thereon came to 23 per cent (18 per cent).

Mr Parker says financially the group remains sound and funds are available to meet the needs of the investment and growth policy.

On the future, he says developments are already taking place to further group interests. Economic forecasts for the UK and Europe, together with the group's policies, make for confidence in the future. Internationally, developments in Australasia and the Far East and the expectations of subsidiary and associated companies elsewhere will give progressive growth to the overseas investments.

Speaking to a conference later, Mr Parker said he had seen no sign of the second half improvement in trading conditions abating. He was now looking for new opportunities for expansion in all the group businesses. The dominating factor in 1984 results, though, was likely to be the stability of prices and inflation in the UK.

Capital expenditure was being stepped up by at least 50 per cent on last year's £3.5m, concentrating on the fast expanding household textiles and consumer product division. In the current year sales of the household textiles sector were expected to increase from 30 per cent to 40 per cent of group turnover.

Mr Parker said the company was concentrating on a number of new developments, and was looking closely at a number of likely acquisitions. Recently it had bought a pine bed manufacturer with sales of some £2m annually, and was hoping to build it up, supplying its own bedding materials.

● comment

With the exception of Africa, everything seems to be moving in the right direction at British Vita. The 43 per cent increase in group pre-tax profits was evenly spread across the foam, consumer and industrial divisions, and pulls the group well above its 1979 profits record. Adjusting for currency losses due to the devaluation of the Zambian kwacha, overseas earnings outside Europe were broadly static. But they may well pick up again in the current year as the group expands further into the Far East and Australia, where it has applied for a public quotation. Meanwhile, group net borrowings have been whittled down by cash flow to 12 per cent of shareholders' funds and return on a slightly enlarged working capital has risen several points to 23 per cent. Two small acquisitions have been made since the year end, and British Vita is spending £2m in the current year on equipping a new factory for the consumer products division. It admits, however, that the present strength in consumer spending is unlikely to last for more than a year, and on that basis the City is looking for a rather less dramatic profits increase in the current 12 months to perhaps £11.5m pre-tax. At yesterday's price of 212p up 8p that puts the shares on an undemanding fully-taxed multiple of 10.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Barclays Bank	12.5	May 10	11	24	22
Black & Edgington	1	*June 15*	—	—	—
British Vita	3	May 8	2.7	5.9	5.4
IoM Enterprises	4.5	—	4	4.5	4
Johnstone's Paints	2.24‡	Apr 26	2	4	3.77
New Equipment	0.8	—	0.8	1.15	1.15
Parker Knoll int.	3¶	Apr 13	2.5	—	8.5
Ransomes Sims	10	May 14	8.86	15	12
Unidare	6.5	Apr 17	5.5	8.5	7.5

Dividends shown pence per share net except where otherwise stated. * *Equivalent after allowing for scrip issue.* † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ To reduce disparity. ‖ Irish currency throughout.

Record year at Johnstone's Paints

DESPITE facing a difficult year in the paint industry, Johnstone's Paints broke through the £10m turnover barrier for the first time and achieved record pre-tax profits of £1.93m in the 53 weeks to December 3, 1983 against £1.85m in the previous 52 weeks.

The total dividend is raised from 3.765p net to 4p with a higher final of 2.235p (2p)—the company's shares are traded on the Unlisted Securities Market.

Mr James Johnstone, the chairman, says this Manchester-based company is continuing to expand its distribution network. During 1983, it opened a new depot in *Croydon, Surrey* and doubled the capacity of the existing site in Greenford, Middlesex.

Despite adverse weather conditions, turnover since the year-*end is ahead of the corresponding* period of 1983, and with maintained margins he looks forward with confidence to a successful 1984.

Tax for the year was up from £450,000 to £528,000. After dividends of £220,000 (£205,000), retained profits emerged at £1.18m compared with £1.19m. Earnings per 10p share showed a modest increase from 13.3p to 13.33p.

LADBROKE INDEX
Based on FT Index
829-833 (−5)
Tel: 01-493 5261

Systems Reliability gets full stock market listing

Systems Reliability, a manufacturer of telephone monitoring systems, is to come to the main stock market with a fixed price offer for sale.

The issue, managed by Barclays Merchant Bank and stockbrokers Phillips & Drew, is for 25 per cent of the equity. At 270p per share, the offer values the company at £28.4m.

Systems Reliability (SR) designs and builds systems for *monitoring telephone use in* private automatic branch telephone exchanges (PABXs).

In recent years, the company has increasingly shifted its emphasis from the service and maintenance of computers to the design and supply of its own telephone-based systems. In the *period 1979-83*, turnover from maintenance has grown from £1.12m to £2.45m, and sales of systems have moved from £1.09m to £5.78m.

Profits from maintenance have grown in the period from £178,000 to £328,000, against growth in systems from a loss of £181,000 to a £1.68m profit.

On the basis of pre-tax profits for the year to end-1983 of £2.04m, the actual tax p/e ratio at the offer price of 270p is given as 22.1.

The directors indicate that, had the shares been quoted during 1983, the full year dividend would have totalled 3.78p net, giving a yield of 2 per cent on the offer price, covered 3.2 times on an actual tax basis. It is proposed that dividend payments should start in the current year.

The application list for the offer will open at 10.00 am on Tuesday March 13. Dealings are expected to begin on March 19.

● comment

The SR offer has all the hallmarks of a stags' banquet. Since the grossly oversubscribed fixed price offer for Superdrug a year ago, main market offerings *have almost all been conducted* by tender. It now appears that the City has got over the embarrassing surfeit of profits produced by the fixed price *method, and* is concerned that investors are rebelling against the sparser diet of tenders. Certainly, the SR offer has its fundamental attractions. Its four-year growth of 86.5 per cent per year in pre-tax profits is impressive, and its position in the UK market looks capable of being extended into Europe. In particular, it has the advantage of having received official approval for its products in the notoriously difficult French *market. It is, one hopes, only* a minor awkwardness that investors will be asked to hand their cheques in on Budget day, only hours before the Chancellor gets to his feet.

BIDS AND DEALS

P. Panto agrees bid from Palmer and Harvey

The board of Brighton-based wholesale supplier to corner shops, **P. Panto**, has agreed a £1.28m offer from **Palmer and Harvey**, a private company operating in the same sector along the South coast at Eastourne.

The bid values each Panto share at 30p against a closing market price of 29p, up 6p yesterday. The Panto board intends to accept the cash offer in respect of their 22.05 per cent stake in the ordinary capital as enlarged by the exercise of an option held by ICFC.

ICFC has an option to subscribe for 700,000 shares, or 16.35 per cent of the equity, at 25p per share, and Panto will receive £175,000 when the option is exercised.

Palmer and Harvey, which has acquired Lennon Brothers and the confectionery and tobacco retail and wholesale interests of George Bassett in the last seven years, is buying assets which are estimated at £500,000 at the end of December. Panto's losses for 1983 are calculated at not more than £390,000 and the offer is conditional on audited confirmation of these estimates.

Panto has been in loss since 1978 and the board now intends to sell because the group lacks the economies of scale required to make an acceptable return on sales. Having considered the alternatives, the directors say that the interests of shareholders are best served by a sale to a group which, through its size, "is able to operate the business profitably."

Border Breweries row over 'behind closed doors' deal

BY CHARLES BATCHELOR

A ROW has broken out over the three-cornered bidding for **Border Breweries (Wrexham)**. **Forshaws Burtonwood Brewery** of Warrington yesterday accused Border of trying to "sew up a deal behind closed doors" with rival bidder **Marston, Thompson & Evershed**.

Burtonwood, which launched a 175p bid for Border on February 17, said it had indicated last Wednesday that it was willing to offer 250p casr, but it was now contemplating an offer "at a price materially higher than 250p."

Borders shares rose a further 19p to 277p yesterday to value the company at £14.9m. Burtonwood and Marston were unchanged at 345p and 65p respectively.

Mr Graeme Dutton Forshaw, Burtonwood chairman, said he was furious about Border's plans to do a deal with Marston which already owns 8.2 per cent of Border. He said that this plan had the support of Whitbread, which owns 19.6 per cent of Border and 35 per cent of Marston, and of shareholders with 20 per cent.

He added: "We had offered 250p a share and heard nothing from Border until we discovered they were about to reach this agreement with Marstons. We played merry hell with Border's financial advisers Kleinwort Benson because it all looked like a cosy little deal engineered by Whitbread.

"We have now been given until Wednesday evening to come back with a higher offer. We are quite happy to bid out in the open but we object to arrangements like this done behind locked doors.

"If it had not been for the fact that we came out in the open in the first place I am sure this would have all been agreed for around £2 a share and that would have been the end as far as other shareholders were concerned."

Mr Dutton Forshaw said his advisers Samuel Montagu had complained to the Takeover Panel on two occasions but the complaints had been rejected. Montagu said ith promise of a higher bid on Wednesday had been cleared by the panel. Montagu said: "We feel that in an auction situation like this the shareholders should decide and not Whitbread."

A Panel spokesman said there was nothing in the Takeover Code to bar shutout deals.

Whitbread has said several times during the battle for Border that its policy is to side with the management of the brewery in which it has a holding. It owns "defensive stakes" in a number of regional brewers.

A third potential bidder for Border emerged last Thursday, although the identity of this company has not been revealed.

Carlton Comms. £2.9m purchase

BY DAVID DODWELL

Carlton Communications, the video, graphics, photography and financial tipsheet group, has bought privately-owned Video Time for £2.9m in cash and shares.

Video Time, formed in 1978 by Mr Ray Brassington and Mr Ray Hawkins, provides standards conversion between the differing television systems of Europe, the U.S. and the Soviet Union, transfers film to video tape, and duplicates 35mm slides to video tape.

Mr Michael Green, chairman of Carlton, said yesterday that he would be paying Video Time's present owners £2m in cash, and the remaining £900,000 in Carlton shares. A further £375,000 is payable over the next 30 months depending on Video Time's profits performance.

In the nine months to December 31 1983, Video Time's unaudited management accounts show adjusted pre-tax profits of £310,000, and net assets of £807,446. Profits for the full year have been forecast as "in excess of £400,000."

The two founders of Video Time have taken three-year contracts to run the company from its Soho headquarters. Additional premises are currently being bought, which will enable the company to supply programmes and feature films by cable, TV and satellite operators and hotel companies, Mr Green said.

TV operations already account for about 50 per cent of Carlton's business, and following yesterday's deal, this is likely to rise to more than 60 per cent

Management buys out two IMI companies

THE MANAGEMENT of two companies in **IMI's** refined and wrought metals product area are staging a £1.5m buy-out with the backing of National Westminster Bank. IMI will take a £2.5m extraordinary loss on the sale.

IMI Wilkinson, which will be renamed Wilkinson Metals, produces metal strip and foil in special alloys, while J. F. Ratcliff (Metals) produces copper and brass strip and foil using bought-in part-rolled products.

The two companies have annual turnover of about £3.5m each and net operating assets of £2m each. Wilkinson employs 120 people and Ratcliff 73.

They have been loss-making for the past two or three years but have been making a small profit in the past two months. They expect to produce a minimum 10 per cent return on the cost of the buy-out in 1984 with profits continuing to rise in 1985.

The buy-out has been carried out by six directors led by the former managing director of the two companies, Mr Geoff Birch, and the former financial director of IMI Rolled Metals, Mr Alec Abercrombie.

They have been assisted by Mr Peter Miles, a Birmingham-based partner of Spicer and Pegler, chartered accountants.

Mr Abercrombie said: "We have a continuing workload better than at any time in the past three years and we don't see demand dropping off in 1985, either."

The six directors have put up some of their own funds but the bulk of the money is accounted for by National Westminster's £1.5m. The directors nevertheless retain 100 per cent of the equity.

IMI's refined and wrought metals activities have performed poorly; in the past two to three years—in 1982 significant losses were made—with worldwide overcapacity in the sector.

The company has been reducing its dependence on rolled metal products. It plans to announce its 1983 results next Monday. Group pre-tax profit rose to £12.2m in the first six months of last year from £7.3m.

Counterblast from Avana in bid battle

The **Avana Group**, currently bidding for confectioners **Bassett Foods**, has produced its counterblast to Bassett's defence document against the bid.

Avana's document concentrates largely on the contrasting fortunes of the two companies in the period 1978-79 to 1982-83. It points out that Avana's pre-tax profits have increased by over 250 per cent in the period, against Bassett's 24 per cent, and that dividends have gone up by over 150 per cent, against a fall in Bassett's dividends of more than 40 per cent.

Quoting extracts from past Bassett annual reports, Avana says that "with this record of promises unfulfilled, there can surely be no confidence in further promises from Bassett." Bassett's capital expenditure, says the document, has been "dependent upon forced realisation of assets at depressed prices."

"The Bassett directors," says Avana, "have virtually no direct financial stake in their company but some enjoy generous directors' service agreements. Could they be regarded as a safety net for failure? There are none within Avana."

The Avana share price closed 6p higher yesterday, at 495p, valuing the bid at 141p. Bassett's shares closed 3p down at 157p.

IN BRIEF

Bristol Oil and Minerals has reached agreement in principle for the acquisition of certain oil and gas exploration and production interests in Colombia from Petroleos Colombianos. The acquisition will be funded from Bristol's existing resources.

* * *

St James's Corporate Services has sold for itself and clients 3,241,127 ordinary shares of Regentcrest (22.2 per cent) and no longer has a disclosable interest in the company.

Firstland has bought 1,701,127 Regentcrest shares (11.7 per cent). The balance of 1.54m shares (10.5 per cent) is now held in such a manner that no individual, or group of individuals, holds a disclosable interest.

* * *

Mills and Allen International has completed the acquisition of Glen Insurance Brokers for a nominal consideration of £2m, made up of cash and 5 per cent loan notes. Following this, and other smaller transactions completed in recent months, Mills and Allen now has a network of retail financial outlets consisting of 118 branches, serving 330,000 customers.

The Glen chain comprises 25 stores. Total premium and charges income handled in the year ended April 1983 was some £4.9m. The premium and charges income handled by the Mills and Allen group's enlarged network is now running at an annual rate of some £31m.

Bid-active Bullough acquires machine maker in £4.8m deal

BY DAVID DODWELL

Bullough, the engineer and furniture maker, has bought privately-owned Westwood Holdings, which makes paper shredders, guillotines, collators and binding machines, in a deal worth £4.8m.

The deal comes just a week after the acquisition of George Barker and Co, the privately-owned Leeds manufacturer of refrigerated display cabinets, for £6.5m in cash.

Mr Derrick Battle, managing director of Bullough, said yesterday that the closeness of the two announcements was largely coincidental, since his company had been in discussion with Westwood for almost three years.

The agreed offer, which comprises just over £4m in cash, and 265,000 Bullough shares worth about £800,000, has been triggered by the decision of Mr Gerald Kennedy, the owner of Westwood, to retire.

Mr Kennedy has agreed to remain with the company for a further year. Westwood has two main operating companies—Business Aids, and Westwood Stationery, both based in London. Pre-tax profits for the year to December 31 1983 amounted to £981,000, on sales of £10.2m.

Mr Battle said yesterday that Westwood's operations were complementary to those of Bullough, with both companies "tending to sell products to the same sort of companies."

Bullough recently unveiled pre-tax profits for the year to October 31 1983 of £6.86m, compared with £5.48m in 1982. Turnover increased from £45.51m to £52.46m. It is budgeting for increased profits in 1984, and said in January that performance during the first two months was "ahead of plan."

In February last year, Bullough paid £1.75m for Pipeline Engineering and in October paid £3m for Johnson and Starley. Capital investment also remains at a high level—about £2.5m last year.

Details of the latest acquisitions will be sent to shareholders on March 7, and will be subject to shareholders approval at the company's annual meeting on March 22. Bullough's shares closed yesterday at 390p, unchanged on the day.

BOC to sell magnets business to consortium

BY CHARLES BATCHELOR

BOC, the industrial gases and health care group, is to sell its magnets business to a consortium led by **Charterhouse Development**, the development capital arm of Charterhouse J. Rothschild, and including the existing magnets management.

BOC Magnets is "substantially profitable" and has net assets of £3.5m. BOC said the value of the transaction, planned to be completed at the end of March, was not material in relation to its own

Magnets employs nearly 150 people at its works and offices at Ferry Lane, Rainham, Essex. It will transfer its assets to a newly-formed company in which the existing management led by Mr Brian Spencer, general manager, will ultimately own 25 per cent.

The financial backers of the purchase, apart from Charterhouse, are the business expansion funds of Electra, County Bank, Lazards and Granville & Company.

They plan to finance the further expansion of the company with the aim of it going public in five years.

Rbt. Moss has no bid plans for Hallite

By David Dodwell

Shares in **Hallite**, which makes synthetic rubber and plastic precision seals, leapt from 200p to 260p yesterday in the wake of an announcement that Robert Moss, the Oxfordshire-based manufacturer of plastic injection mouldings, had "approached certain shareholders" with plans to make a bid.

Mr Murray McLean, chairman of Robert Moss, admitted yesterday that he had "put out feelers" about making a bid, but said his company did not own any Hallite shares, and now had no intention of pursuing takeover plans.

Mr McLean recalled the abortive £4.8m bid for Hallite mounted in the autumn of 1981 by General Tire and Rubber Company, a South African subsidiary of Anglo-African Finance, and said: "I spoke to a few people about whether a bid for Hallite would have any real chance of success at this time.

"I came to the conclusion that it would not, and have no intention of holding a minority stake."

Dares Estates in £2.6m deal

Dares Estates says that an agreement has been exchanged for the acquisition of the capital of **Rogate**, a London-based private property investment company.

The consideration payable for the share capital of Rogate is £2.6m.

Rogate owns a portfolio of freehold and long leasehold commercial properties in and close to Central London with a present market value of approximately £5.2m.

Based on the unaudited accounts of Rogate, its net assets at November 30 1983 are £2.5m and net pre-tax profits for the year ending at that date were £103,394. Rogate owns 2.5m shares in Dares.

UK COMPANY NEWS

Black & Edgington expects significant growth in travel

Black & Edgington (Holdings), the reshaped travel and hire group, returned pre-tax profits of £1.4m for the 1983 year from a turnover of £50.65m.

In the previous year turnover totalled £55.34m and profits £1.1m. However, the directors say comparisons cannot be drawn between the two sets of results because of disposals during 1983, including the sale of the retail shops and Blacks Camping and Leisure which have been excluded from the past year's results.

It is pointed out that after completion of the sales already announced and under negotiation the group will have two main operating divisions, travel and hire, both of which are trading profitably.

In 1983 the travel division of Insight International Tours, Evan Evans and Blacks Travel Agency, contributed £1.9m profit on revenue of £18.9m. Indications for 1984 are "promising" with bookings up by over 25 per cent on the same period for last year.

Significant growth is expected from this division in the future.

Tax for 1983 accounted for £650,000 (£292,000) and minorities £211,000 (£171,000). There were also extraordinary debits of £4.16m (£376,000), being the losses incurred on closure of two companies and provisions for other closures.

Earnings emerged at 6.98p (8.33p) adjusted per 25p share and dividends of 1p per ordinary and 3p per convertible cumulative preference share are declared.

The Black & Edgington company was acquired by Mr Michael Ashcroft's Hawley Group last year and the disposals were part of a rationalisation scheme.

The 1983 results are the company's first since its relisting.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Consolidated Gold Fields, Grosvenor, Scottish and Mercantile Investment.

Finals: Antofagasta, Bairstow Eves, Bensons Crisps, Fisons, Fleming Mercantile Investment Trust, Mount Charlotte Investments, National Westminster Bank, Provident Financial, Ree Brothers, SCUSA, Silverthorne, Unilever, James Wilkes.

FUTURE DATES

Interims—	
Linread	Mar 21
Mucklow (A. and J.)	Mar 15
Telemetrix	Mar 21
Thorpe (F. W.)	Mar 22
Finals—	
Bestson Clark	Mar 12
Birdgewater Estates	Mar 26
Cardinal Investment Trust	Mar 8
Cement-Roadstone	Mar 14
General Investors & Trustees	Mar 8
Guernsey Atlantic Secs. Trust	Mar 12
Metal Closures	Mar 22
Waverley Cameron	Mar 22
Williams Holdings	Mar 16

TSB Scotland turns in £22m at operating level

The Trustee Savings Bank Scotland, part of the TSB Group, made an operating profit of £22.4m for the year ended November 20 1983.

The results included those of the four member banks—the Aberdeen Savings Bank, the TSB of South of Scotland, the TSB of Tayside and Central Scotland and the West of Scotland Trustees Savings Bank—for the six months to May 20, when they were amalgamated.

In 1983, the fair participating banks achieved an operating surplus of £19.1m.

The TSB Scotland will remain a separate part of the group alongside the amalgamation of 10 Trustees Savings Banks in England and Wales formed last November.

In Scotland the TSB has emerged as a force in retail banking, alongside the three Scottish clearing banks. It has set about to greatly increase its loan portfolio having previously functioned mainly as an investor in Government securities.

Mr Richard Ellis, the chairman of TSB Scotland, said about £250m has so far been extended in loans, out of the bank's total assets in Scotland of about £1.2bn.

The full change in the structure of the UK TSB Group, is to be endorsed by an Act of Parliament which the management hopes will be passed late in 1985. After this, the group plans a flotation with customers and staff to be offered preferential shares.

Sir John Read, the TSB Group chairman, said that the Government is to provide special protection for the TSB Group against possible takeover for an initial period after the flotation. "The group is going to need some bedding down time," he added.

The accounts reveal that the cost of the merger of the four banks in Scotland would be £759,000, of which £395,000 was claimed in tax relief.

The surplus after tax, was £11.7m compared with £6.1m in 1982.

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	■ J. Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 5.5%. 1-month 6%. Fixed rate 12 months £2,500 9% £25,000. 12 months 9.5%.

† 7-day deposits on sums of: under £10,000 5½%. £10,000 up to £50,000 6½%. £50,000 and over 7½%.

‡ Call deposits £1,000 and over 5½%.

‖ 21-day deposits over £1,000 6½%.

§ Demand deposits 5½%.

¶ Mortgage base rate.

MINING NEWS

Gencor earns more than expected but needs new funds

BY KENNETH MARSTON, MINING EDITOR

BETTER THAN expected results for 1983 are announced by South Africa's General Mining Union Corporation (Gencor) group. The Afrikaner-controlled mining and industrial finance house also discloses that a new issue may be on the cards, stating that "measures to strengthen the group's liquidity will be announced shortly."

Against the background of a volatile gold price and the industrial recession in South Africa, Gencor did not expect any worthwhile growth last year. But an increased contribution from gold and uranium produced a modest rise in half-year profits.

The improvement has continued with the result that earnings for the full year come out at R305.4m (£172.6m), or 382 cents per share, compared with R267.4m in 1982. The final dividend is raised to 135 cents (75.3p) to make a 1983 total of 190 cents against 175 cents.

Despite the economic recession, the major increase in last year's earnings came from the industrial sector, notably at the Sappi paper group and Darling and Hodgson, the latter having recovered from a poor performance in 1982.

Other areas to contribute more were financial, gold and uranium and platinum. On the other side of the coin, minerals and coal contributed less than in 1982.

Gencor points out that loan capital increased sharply, largely at the subsidiary operating companies, and there was a reduction in net assets. Thus there is the need for new fund-raising.

In a generally buoyant share market yesterday Gencor shares rose £1½ to £17½, putting them on a yield basis of 6 per cent. The net asset value equals £23 per share.

Amax to resume work at Climax molybdenum mine

MOLYBDENUM production is to be resumed on a limited basis on April 18 at the big Climax mine in Colorado of Amax, the diversified U.S. natural resources group. Because of the collapse in demand and in prices for this steel industry metal, Amax closed in 1982 its three big mines, Climax and Henderson in Colorado and Kitsault in British Columbia.

In November of last year, however, Amax decided to re-open Henderson despite the continued poor market for molybdenum. Mr William Bilhorn, president of the Amax molybdenum division said at the time that the surprise move was prompted by the reduction of the company's stocks of molybdenum to the point at which resumed production would be needed to sustain the anticipated level of sales this year.

He added that the Climax mine would also be reopened "as soon as economic conditions warrant." This, he said, depended on a continuing decline in stocks of molybdenum, increased demand by the capital goods sectors and price stability.

He now points to the current sales levels of molybdenum and the low levels of stocks held by Amax. Even so, molybdenum prices remain depressed and while the Amax decision to reopen Climax will protect the company's share of the market and cater for future demands it is unlikely to produce any profits for the time being, at least.

Mr Bilhorn says that Climax will be operated at "production rates which are responsive to market conditions." He adds, "the Climax and Henderson mines are among the most cost efficient primary sources of molybdenum in the world and, combined with our multi-product conversion plants in the U.S. and Europe, we will meet our sales objectives in a very competitive market."

Molybdenum is used primarily in the stronger and harder grades of steel. Its qualities include heat resistance and hardness. Nearly half its consumption is in low alloy steels and it is also used in stainless steels and tool steels.

Rio Algom trebles profit

ANOTHER Rio Tinto-Zinc group member reports increased profits for 1983. It is the 52.8 per cent-owned Canadian arm, Rio Algom, with net earnings of C$31.1m (£27.5m), equal to C$1.11 per share, compared with C$17.8m in 1982.

The better performance reflects an improvement at Rio Algom's uranium, steel manufacturing and metals distribution divisions. Matters have also been helped by the turnround from loss to profit at the 68.1 per cent-owned Lornex molybdenum, copper and silver mine in British Columbia.

In November last year Rio Algom announced that it was adding tin to its interests via a decision to develop a C$150m open-pit tin mine at East Kemptville near Yarmouth, Nova Scotia. Production of tin concentrates is expected to start at the end of 1985.

The newcomer will be the only major tin mine in North America. If the tin export controls currently imposed by the International Tin Council are still in force when the property reaches production they will not apply to the mine because Canada is a consuming member, as opposed to a producing member, of the International Tin Agreement. Similarly, export controls do not apply to the UK tin mines.

London & Lomond planning new policy

London & Lomond Investment Trust, a £50m fund managed by Gartmore Investment Management, plans to specialise in the finance and information services fields.

The trust intends to change its name to Gartmore Information and Financial Trust. It will make a scrip issue to bring the value of shareholders' investments more into line with its underlying assets, and will also issue warrants to attract new private investors.

Gartmore, which manages eight investment trusts with a total asset value of £450m, said the specialisation of Lomond was the first in a series of "planned development" at these trusts.

Lomond has followed a broadly-based investment policy in recent years, but has increasingly put its funds into technological companies in the fields of finance and information services. These now account for 40 per cent of its portfolio.

This is a sector where comparatively small companies are active, so there will be a higher commitment to unlisted investments.

Lomond increased net asset value per 25p share by 46 per cent to 127p in 1983.

Mandarin dealings halted

BY RAY MAUGHAN

LONDON DEALINGS in Mandarin Resources Corporation were suspended since the by the Stock Exchange Council yesterday. The quote was frozen at 51p although Fox Milton, a licensed dealer, continues to make a market in the shares.

Stock Exchange trading in Mandarin started at the beginning of this month under Rule 163 (2) (a) which governs unlisted overseas securities. Mandarin is a recently restructured Hong Kong-based property and investment group and, to comply with London requirements, the majority of dealings should have taken place on the Kowloon Stock Exchange.

The capital base has been expanded significantly by a heavy recent rights issue and a substantial vendor placing to finance the acquisition of Markle, a Hong Kong property development company. In addition, Jenks and Cattell, the hand-tool manufacturer, has taken a 14.8 per cent stake in Mandarin by subscribing for 20m shares at a price of £730,000.

The Council's decision does not impinge on Kowloon dealings in any way but the London authorities are concerned that the unlisted overseas stocks do not enter the UK regulated markets through the "back door." Mandarin is expected to transfer shortly to the main Hong Kong stock exchange, but dealings will not re-start in London unless the group applies successfully for a full listing or an entry to the Unlisted Securities Market.

Beechwood suspended

Beechwood Group, the Llandeilo, Dyfed civil and mechanical engineer called for a Stock Exchange suspension yesterday pending "clarification of its position."

The shares were suspended at 13p which gives Beechwood a market capitalisation of just over £1m. Mr John Downing, the chairman, declined to give further reasons for the share price suspension although he indicated that group borrowings at the end of last September amounted to about £4.8m.

Net worth in the latest balance sheet amounted to £3.8m, and Beechwood lost £681,000 in the six months to September last year against a profit of £102,000. Closure costs relating to the Grainger Hydraulics subsidiary and the voluntary liquidation of the fabrication business of the Spencer Harris offshoot required a £500,000 provision.

UK COMPANY NEWS

STOCK EXCHANGE BUSINESS IN FEBRUARY

Equity turnover slips by 15% but gilts hold firm

A CONTRACTION in business in equities last month led to an overall decrease in Stock Exchange turnover compared with the traditionally buoyant month of January.

The number of trading days for both months was the same. Total turnover in February, at £30.74bn, was down by £0.96bn and the Financial Times turnover index for all securities slipped from January's level of 971.5 to 942.0. This, however, still compared favourably with the 1983 monthly average of 734.4.

The overall number of bargains during February fell by 98,708 to 535,170, but the average value per equity bargain rose by £500 to £13,700.

Equities had a distinctly uneasy time during the month. Fading support from U.S. buyers and a more cautious approach from UK institutions reflecting the underlying sensitivity to Wall Street's ragged performance depressed the market early in the month.

Wall Street's decline forced the FT Industrial Ordinary index down over 30 points during February 6 and 7.

Hopes that ICI's preliminary results would revitalise the market were dashed when the chemical giant revealed annual profits that fell well short of expectations. However, a batch of favourable economic surveys and a partial Wall Street rally eventually tempted investors back and the Financial Times Industrial Ordinary share index, after falling to a low point for the month of 799.7 on February 7, picked up to close February only 11.6 points down on balance at 819.8.

Turnover in British Funds increased marginally during the month following the Inland Revenue's decision to treat gains of gilt-edged and other similar stock as part of Building Societies trading profits and therefore subject to the full rate of Corporation tax.

This exerted considerable pressure and caused hectic dealings in short-dated and low coupon Government stocks and pushed turnover in the shorts up by £0.16bn to £13.96bn. Business in the longer-dated and irredeemables also increased, by £0.49bn to £9.27bn and total turnover in gilt-edged securities was therefore £0.65bn higher at £23.23bn. The overall number of bargains in the funds, however, still slipped by 6,000 to 71,917 with deals in the shorts 2,931 lower at 25,916.

The Financial Times turnover index for Government Securities in February was 983.0—the highest since the all-time peak of 1,207.4 recorded in August 1982—but the FT Government Securities index ended the month 0.38 points off at 82.64.

Gold shares had a better month as continuing unease about the conflict in the Middle East boosted the gold bullion price which rose nearly $22 during February to $395. The FT Gold Mines index advanced 121.5 points to 685.3.

Category	Value £m	% of total	Number of bargains	% of total	Average daily value £m	Average bargain value £000's	Average no. of daily bargains
BRITISH FUNDS							
Short dated (5 years or less to run)	13,960.1	45.4	25,916	4.8	664.8	538.7	1,234
Others (over 5 years)	9,266.3	30.1	46,001	8.6	441.2	201.4	2,191
TOTAL	23,226.4	75.5	71,917	13.4	1,106.0	323.0	3,425
IRISH FUNDS							
Short dated (5 years or less to run)	403.8	1.3	1,918	0.4	19.2	210.5	91
Others (over 5 years)	312.7	1.0	2,025	0.4	14.9	154.4	96
UK LOCAL AUTHORITY	414.8	1.4	3,436	0.6	19.8	120.7	164
OVERSEAS GOVERNMENT	172.8	0.6	2,453	0.5	8.2	70.4	117
OTHER FIXED INTEREST	351.3	1.1	24,772	4.6	16.7	14.2	1,180
ORDINARY SHARES	5,858.2	19.1	428,649	80.1	279.0	13.7	20,411
TOTAL	30,740	100.0	535,170	100.0	1,463.8*	57.4*	25,484*

*Average of all securities.

English & International Tst making debenture issue

A MAXIMUM of £5m long term debentures with warrants attached is to be issued in due course by English and International Trust. Part of the proceeds will be used to repay existing borrowings when conditions are considered appropriate.

The warrants will be exercisable to allow subscription for new ordinary shares of the trust in the years 1986-93. The number of warrants to be issued will be no greater than 10 per cent of the number of ordinary shares currently in issue.

For the year ending April 5 1984 the trust is expecting to pay a final dividend of 4.75p. This will raise the total from 6p to 6.25p and that rate is expected to be maintained in the following year. After prior charges at par and allowing for the foreshadowed final dividend, the net asset value per share was 266p at February 24.

As one object of taking out a U.S. dollar denominated short-term loan was to reduce the trust's exposure to the dollar, the directors intend that arrangements will be made so that exposure to the dollar is not increased.

In addition, the issue will provide resources to enable the trust to invest in a number of attractive listed and unlisted smaller companies, in the UK and overseas.

It is unlikely that in the short term it will be possible to invest in equities with a similar income yield to that on which the debenture will be issued. However, the related interest cost is expected to be covered by unfranked investment income and will be available for corporation tax relief at 52 per cent. Cost to the trust after tax would, at current interest rate levels, be of the order of 5.3 per cent per annum.

In addition, the trust has unrealised gains in its wholly-owned investment dealings subsidiaries which can be released and brought to the consolidated revenue account, thereby adding to distributable net income.

Underwriting loss by GRE in South Africa

Guardian National, the South African short-term insurer which is 51 per cent-owned by Guardian Royal Exchange, incurred underwriting losses in 1983.

Gross short-term premium income rose to R126.3m from R121.3m, while an underwriting loss of R762,000 was suffered. In 1982 an underwriting profit of R124,000 was earned.

Mr Donald Gordon, chairman, says that intense competition restricted premium growth and this led to a disproportionate increase in the operating cost ratio.

He adds that though the incidence of fire, storm and crime losses has risen sharply, premium rates have dropped to completely uneconomic levels. On the other hand, motor insurance rates have been increased and levels are now acceptable.

Nevertheless, Mr Gordon warns that as the overall premium pool is unbalanced and inadequate, achieving an underwriting profit has become more a matter of good fortune rather than good judgment.

An increase in investment income and a lower tax charge resulted in an improvement in the year's earnings from 57.8 cents to 61.1 cents a share. The total dividend is increased to 43 (38) cents.

Apart from GRE, Guardian's other major shareholder is the South African insurance group Liberty Life, which owns 43.4 per cent of the equity.

New Darien Oil increases net asset value to 92.7p

Net asset value per 25p share of New Darien Oil Trust increased from 71.9p to 92.7p in the year to January 31 1984 or from 74.4p to 93.4p adjusted for the exercise in full of warrant rights.

Pre-tax profits for the period however, dropped from £86,373 to £55,048. Tax took £26,420 (£39,630) leaving earnings per share 0.18p lower at 0.29p. The dividend is maintained at 0.26p net.

Investment income rose sharply from £125,108 to £312,603. The directors explain that the accounting treatment of income has been changed to account for income from securities and bonds, as well as from loans and deposits on an accruals basis. As a result, retained profits were increased by a prior year adjustment of £17,607.

Interest received and other income totalled £53,426, against £74,489, while interest payable this time accounted for £67,659.

In anticipation of a return of confidence to the sector, the trust's liquidity was reduced from the peak level of 15 per cent in early March 1983. In addition, a borrowing facility of $1.5m was drawn down and invested.

During the year further funds were committed to the U.S., Australia and Canada. Also, the trust's investment in the UK was increased substantially in the light of the improved prospects, following the tax changes designed to encourage exploration.

New Equipment

New Equipment, the County Durham-based maker of tubular steel furniture, made up most of the ground lost at halfway to finish the year to October 31 1983 with pre-tax profits marginally lower at £283,450, against £286,853. First-half figures had fallen from £173,078 to £145,755.

After a lower tax charge of £136,701 (£143,294) yearly earnings per 10p share were ahead from 7.18p to 7.33p. The dividend is maintained at 1.15p net, with a final of 0.8p (same).

Turnover improved from £2.74m to £2.85m.

Cockburn Cement aided by lower interest charges

Pre-tax profits of Cockburn Cement, the 85 per cent held Australian subsidiary of Rugby Portland Cement of the UK, improved from A$6.26m (£4.02m) to A$6.74m (£4.33m) in 1983, although turnover was down from $49.81m to $47.64m.

The increase in the pre-tax result reflects a fall in interest charges from $2.07m to $1.27m, for at the trading level there was a slight decrease in profits from $11.91m to $11.58m, and depreciation showed little change at $3.57m ($3.58m). Tax for the 12 months took $2.94m ($2.77m), leaving the net balance $309,000 higher at $3.8m.

The directors explain that an increase in demand in the closing months of the year—by the housing industry for cement and the alumina and gold industries for lime—resulted in sales tonnage in the second half of the year exceeding that for the corresponding period.

They add that, although further improvement is expected in the housing market during 1984, very few major construction projects are due to start. However, quicklime sales should improve further during the 12 months.

Because of delays in obtaining the release of titles, no sales were made during 1983 in the "Cockburn Waters" land disposal. Since the start of the current year, however, 72 of the 80 lots in the first stage have been sold.

IoM Enterprises

Isle of Man Enterprises is raising its dividend from 4p to 4.5p for the year ended October 31 1983. The company operates holiday accommodation and is a subsidiary of Nicholson Investments.

Turnover for the year came to £448,684, compared with £400,236. Net profit was up from £89,198 to £105,747 after tax £12,565 (£10,569), and earnings were 8.72p (7.36p).

F.T. Share Service

The following securities have been added to the Share Information Service:

American Information Technologies (Ameritech) (Section, Americans);
AridTech Inc (Americans);
Australian Hydrocarbons NL (Mines—Australians);
Valin Pollen International (Paper, Printing, Advertising).

BARCLAYS BANK PLC.

The Directors of Barclays Bank PLC report the Group results for the year ended 31st December 1983

The Chairman, Sir Timothy Bevan, said: I am pleased to report that pre-tax profits at £557m were 12½% ahead of 1982.

Growth in underlying trading results has been good, particularly in our international division where there has been a strong recovery. These results have been achieved in spite of a continuing high level of provisions reflecting specific and general problems experienced by borrowers in some sectors at home and abroad.

However, our results after tax and minorities are 12% lower than last year mainly due to a higher tax charge, in part reflecting lower leasing activity. We are proposing to maintain our policy of dividend growth but at a lower level of 9%.

The world's financial and economic difficulties have called for banks to reinforce their capital adequacy and during 1983 we increased our capital resources by over £700m through profit retentions and loan capital issues. As economic recovery gathers speed in the UK and overseas, Barclays is well placed to continue to play its part in supporting investment in industry and financing exports.

The planned merger of Barclays Bank PLC and Barclays Bank International which, subject to Parliamentary legislation, will take place on 1st January 1985, will further strengthen the Group as a major British force in increasingly competitive world banking.

Timothy Bevan

Sir Timothy Bevan, Chairman of Barclays Bank PLC.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1983

(Historic cost basis)

The Directors of Barclays Bank PLC report the following Group results for the year ended 31st December 1983:	1983 £m	1982 £m
Operating profit	582	487
Share of profit of associated companies	77	75
Total Group profit	659	562
Interest on loan capital	102	67
Profit before taxation	557	495
Taxation	220	131
Profit after taxation	337	364
Profit attributable to minority interests in subsidiary companies	48	35
Profit attributable to members of Barclays Bank PLC	289	329
Dividends:		
Interim	39	37
Proposed final	43	38
	82	75
Profit retained	207	254
Earnings per £1 Ordinary stock	84.8p	96.7p
Dividends per £1 Ordinary stock	24.0p	22.0p

NOTES

1. The accounting policies are as explained on page 37 of the 1982 annual accounts.

2. Analyses of total Group profit:

	1983 £m	1982 £m
By nature of income/expense:		
Interest income	6,940	7,001
Interest expense	4,673	5,055
Net interest income	2,267	1,946
Other operating income	929	716
	3,196	2,662
Operating expenses:		
Staff	1,352	1,193
Property and equipment	391	330
Other	415	385
	2,158	1,908
	1,038	754
Charge for bad and doubtful debt provisions	475	328
	563	426
Profits on realisation of investments	19	61
	582	487
Share of profit of associated companies	77	75
	659	562
By geographical area:		
Domestic:		
Barclays Bank PLC	314	314
Barclays Merchant Bank Group	11	8
Mercantile Credit Group	33	42
Other domestic companies	67	52
	425	416
International:		
United Kingdom	30	25
United States	16	(35)
South Africa	118	78
Rest of the World	70	78
	234	146
	659	562

3. Movements in provisions for bad and doubtful debts in the year are:

	The Group 1983 £m	The Group 1982 £m	The Bank 1983 £m	The Bank 1982 £m
Provisions at beginning of year	773	556	278	251
Exchange and other adjustments	25	27	–	–
	798	583	278	251
Provisions raised, less amounts released	491	340	177	103
	1,289	923	455	354
Amounts written off	195	150	97	76
Provisions at end of year	1,094	773	358	278
Provisions at 31st December:				
Specific	788	553	232	184
General	306	220	126	94
	1,094	773	358	278

The charge against profit for bad and doubtful debt provisions comprises:

	The Group 1983 £m	The Group 1982 £m	The Bank 1983 £m	The Bank 1982 £m
Charge for specific provisions	406	334	145	119
Charge/(credit) for general provisions	85	6	32	(16)
	491	340	177	103
Recoveries of amounts previously written off	(16)	(12)	(8)	(7)
	475	328	169	96

4. Taxation charged against profit for the year has been reduced by £98m (1982: £128m) due to the deferment of tax liabilities for which provision has not been made. The total amount of potential taxation not provided at 31st December 1983 is £827m (1982: £752m).
The Directors consider it prudent to continue to maintain a provision of 25% of the potential taxation liability in respect of the Group's UK leasing business.

5. Dividends on Ordinary stock:

	1983 p per £1 stock	1982 p per £1 stock
Interim dividend	11.5	11.0
Proposed final dividend	12.5	11.0
	24.0	22.0

6. Earnings per £1 Ordinary stock are based upon profit after taxation and after deducting profit attributable to the minority interests in subsidiary companies. Dividends on Staff stock are also deducted. The earnings amount to £289m (1982: £329m) and are related to the weighted average of £341m Ordinary stock in issue during the year (1982: £340m).

7. Stockholders' funds (issued capital and reserves) have increased as follows:

	1983 £m	1982 £m
Profit retained	207	254
Surplus on revaluation of properties	–	5
Issues of stock under profit sharing schemes (including share premium)	4	4
Non-trading exchange (deficit)/surplus	(17)	230
Goodwill arising on acquisitions	(2)	(10)
Other items	3	14
	195	497
At beginning of year	2,764	2,267
At end of year	2,959	2,764

8. Certain balance sheet figures are:

	1983 £m	1982 £m
Capital resources:		
Stockholders' funds	2,959	2,764
Minority interests in subsidiary companies	212	179
Loan capital	1,103	625
	4,274	3,568
Deposits	57,029	51,910
Advances	51,062	45,860
Total assets	64,864	59,646

9. The information given in this preliminary announcement does not comprise full accounts within the meaning of Section 11 Companies Act 1981. Full accounts containing an unqualified report given by the auditors will be published on 27th March 1984, and copies will be delivered to the Registrar of Companies in accordance with Section 1 Companies Act 1976.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1983

(Current cost basis)

	1983 £m	1982 £m	*1982 restated £m
Historic cost operating profit	582	487	509
Current cost adjustments:			
Monetary working capital	(155)	(126)	(132)
Additional depreciation	(20)	(35)	(36)
Cost of sales	(1)	(1)	(1)
Current cost operating profit	406	325	340
Share of current cost profit of associated companies	61	56	59
	467	381	399
Interest on loan capital	(102)	(67)	(70)
Gearing adjustment	49	35	36
Current cost profit before taxation	414	349	365
Taxation	(220)	(131)	(137)
Current cost profit after taxation	194	218	228
Attributable to minority interests	(35)	(25)	(26)
Current cost profit attributable to stockholders	159	193	202
Dividends	(82)	(75)	(79)
Current cost profit retained	77	118	123
Current cost earnings per £1 Ordinary stock	46.7p	56.7p	59.3p

*In order to make allowance for the effect of inflation, the 1982 figures are restated in this column in 1983 £ value terms by reference to the movement of the UK retail price index.

COMMENTARY

Group results. The Barclays Group pre-tax profit for 1983 amounted to £557m (1982: £495m). This represents a 12½% increase in the level of profit compared with 1982. A higher rate of tax charge (1983: 39.5% 1982: 26.5%) and increased minority interests have resulted in a reduction of 12% in attributable profit compared with 1982.

Provisions. The charge against profits in respect of specific provisions at £390m showed a significant increase over 1982; of this total £180m arises from domestic operations, including subsidiaries, and £210m from international operations. In recognition of the repercussions of continuing troubles in the world economy on the value of our assets, both domestic and international, we have also charged against profit £85m in respect of general provisions which now stand at £306m.

Interest rates. In the UK, our base rate averaged 9.8% compared with 11.9% in 1982, whilst the average margin between base rate and 7-day deposit rate widened from 2.9% to 3.3%.

Domestic. The profit contribution of Barclays Bank PLC, which incorporates the UK clearing bank and Barclaycard operations, equalled the amount for 1982. Profit of the clearing bank operations was slightly below the 1982 level principally as a result of higher provisions, and the fact that 1982 benefited from investment profits of £45m. The interest spread improved over the year; the growth in overheads, which was closely controlled, was more than matched by the increase in commission income. Barclaycard maintained a high level of activity and a record operating profit was achieved. The profit of Mercantile Credit Group declined in 1983, essentially due to bad debt experience where provisions were nearly double last year's level. On the other hand profits of most of the Group's other UK based companies increased satisfactorily with particularly good performance from insurance services and from the Trust Company.

International. The profit contribution of Barclays Bank International at £234m was 60% up on 1982. Despite the need for substantial provisions, profit improvements occurred in most of the areas in which the Group operates. In particular the Group's South African operations reported a notable increase in profit. There was also a welcome turn-round in profitability in the United States, with BarclaysAmericanCorporation again performing well. Foreign exchange and international finance operations in the UK made useful profit contributions.

Balance sheet position. Total assets increased by nearly £6bn (10%) in the year of which about a fifth arose from the decline in the value of sterling against the US dollar and other currencies. Of the total increase £2bn is attributable to domestic operations, principally the UK clearing bank, and £4bn to international operations, the bulk of this increase occurring in the United States and South Africa.

Capital Resources. Loan capital has been materially increased by further currency issues in the United States and on the euro-market and the receipt of the final instalment of a 1982 sterling issue in the UK. As a result of these issues and the retention of profit within the business, capital resources were increased by 20% and at the end of 1983 were equivalent to 6.6% of total assets compared with 6.0% at the end of 1982.

A COMPARISON OF FIVE YEARS' RESULTS

	1983 £m	1982 £m	1981 £m	1980 £m	1979 £m
Profit before taxation	557	495	567	525	539
Profit after taxation	337	364	462	371	367
Special levy	–	–	94	–	–
Profit retained	207	254	275	296	305

DIVIDEND

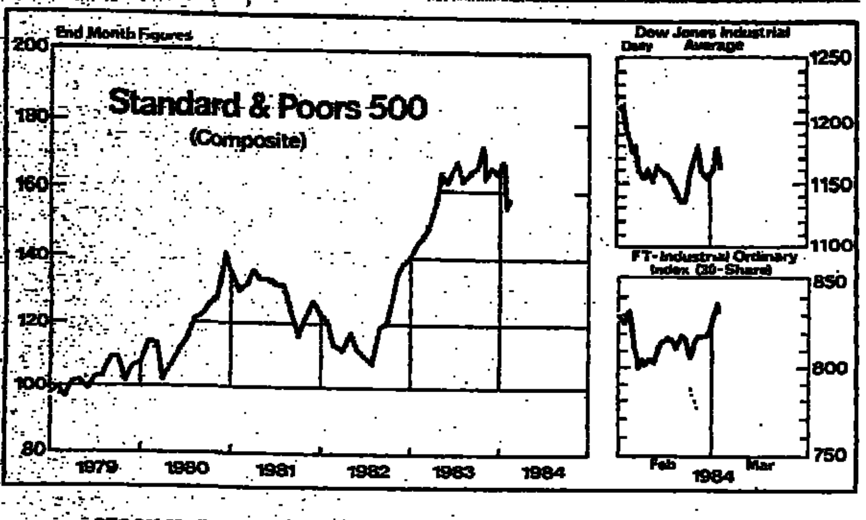
The Directors recommend a final dividend for 1983 of 12.5p per £1 Ordinary stock (1982: 11.0p) payable on 10th May 1984 in respect of stock registered in the books of the company at the close of business on 28th March. On this basis the total distribution for the year will be 24.0p (an increase of 9% over 1982 total distribution of 22.0p). The total distribution on the Ordinary stock for the year of 24.0p per £1 stock is equivalent to 34.29% gross on that stock (1982: 31.43%).

BARCLAYS

BY ORDER OF THE BOARD, J. M. D. ATTERBURY, SECRETARY,
REG. OFFICE: 54 LOMBARD STREET, LONDON EC3P 3AH.
Reg. No. 48839. 5th March 1984

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Tuesday March 6 1984

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	March 5	Previous	Year ago
DJ Industrials	1165.20	1171.48	1140.96
DJ Transport	513.68	520.58	511.12
DJ Utilities	128.81	129.38	129.29
S&P Composite	157.89	159.24	153.67
LONDON			
FT Ind Ord	832.60	838.90	661.10
FT-A All-share	499.91	501.49	413.75
FT-A 500	538.42	543.31	447.97
FT-A Ind	491.72	493.39	422.85
FT Gold mines	704.70	673.50	599.80
FT-A Long gilt	10.28	10.11	10.99
TOKYO			
Nikkei-Dow	10088.94	10056.51	8014.70
Tokyo SE	787.41	783.21	590.29
AUSTRALIA			
All Ord.	735.10	726.30	512.50
Metals & Mins.	512.40	499.30	469.40
AUSTRIA			
Credit Aktien	55.28	55.23	49.74
BELGIUM			
Belgian SE	142.29	140.41	108.45
CANADA			
Toronto Composite	2433.0	2425.10	2163.50
Montreal Industrials	412.89	431.42	366.10
Combined	412.89	412.27	358.55
DENMARK			
Copenhagen SE	195.53	193.60	121.25
FRANCE			
CAC Gen	163.90	163.40	108.10
Ind. Tendance	105.70	105.40	67.20
WEST GERMANY			
FAZ-Aktien	351.77	351.74	273.94
Commerzbank	n/a	1034.40	822.30
HONG KONG			
Hang Seng	1102.05	1079.63	985.54
ITALY			
Banca Comm.	222.48	221.97	203.91
NETHERLANDS			
ANP-CBS Gen	161.80	161.30	114.70
ANP-CBS Ind	132.30	132.00	101.00
NORWAY			
Oslo SE	253.79	250.63	147.86
SINGAPORE			
Straits Times	1018.08	1021.60	831.25
SOUTH AFRICA			
Golds	1059.3	1016.40	794.20
Industrials	1015.1	1003.70	825.00
SPAIN			
Madrid SE	closed	119.62	105.24
SWEDEN			
J & P	1527.53	1520.74	1290.11
SWITZERLAND			
Swiss Bank Ind	367.70	367.90	314.80
WORLD	March 2	Prev	Year ago
Capital Int'l	184.80	181.90	164.00

GOLD (per ounce)

	March 5	Prev
London	\$405.75	\$399.25
Frankfurt	\$405.75	\$397.25
Zürich	\$405.50	\$398.75
Paris (fixing)	\$407.22	\$397.81
Luxembourg (fixing)	\$397.45	\$395.75
New York (March)	\$404.60	\$400.80

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR March 5	U.S. DOLLAR Previous	STERLING March 5	STERLING Previous
$	–	–	1.485	1.481
DM	2.5795	2.5835	3.8325	3.83
Yen	223.6	228	332.50	338
FFr	7.9325	7.9625	11.775	11.79
SwFr	2.1275	2.154	3.1625	3.1925
Guilder	2.908	2.917	4.32	4.3225
Lira	1604	1608.5	2381.5	2381.5
BFr	52.59	52.89	78.1	78.35
C$	1.25275	1.24975	1.86	1.8525

INTEREST RATES

Euro-currencies (3-month offered rate)	March 5	Prev
£	9 1/16	9 3/16
SwFr	3⅝	3¾
DM	5 13/16	5 13/16
FFr	15⅞	17¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	10⅛	10 3/16
6-month U.S.$	10 7/16	10½
U.S. Fed Funds	9¾	9 11/16
U.S. 3-month CDs	9.70	9.75
U.S. 3-month T-bills	9.20	9.14

U.S BONDS

Treasury	March 5* Price	March 5* Yield	Prev Price	Prev Yield
10⅞ 1986	99 19/32	11.16	99 29/32	10.93
11¾ 1991	99 1/32	11.95	99 11/32	11.89
11.75 1993	98 13/32	12.03	98 27/32	11.96
12 2013	98 27/32	12.14	99 11/32	12.02
Corporate	March 5		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	92½	12.10	92⅝	12.15
3⅞ July 1990	69⅝	10.60	68½	10.90
8⅝ May 2000	72⅞	12.65	74⅛	12.50
Xerox				
10⅜ March 1993	90¾	12.35	91¼	12.25
Diamond Shamrock				
10⅜ May 1993	89½	12.55	91⅛	12.45
Federated Dept Stores				
10⅜ May 2013	83¼	12.80	84¾	12.60
Abbot Lab				
11.80 Feb 2013	91	12.70	93	12.70
Alcoa				
12¾ Dec 2012	93⅞	13.10	94	13.05

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	68–23	69–04	68–22	69–06
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.79	90.87	90.78	90.86
Certificates of Deposit (IMM) $1m points of 100%				
March	90.16	90.26	90.15	90.24
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.03	90.05	90.02	90.02
20-year Notional Gilt £50,000 32nds of 100%				
March	109–07	109–22	109–09	109–10

COMMODITIES

(London)	March 5	Prev
Silver (spot fixing)	679.70	652.65p
Copper (cash)	£993.75	£984.75
Coffee (March)	£2186.50	£2172.50
Oil (spot Arabian light)	\$28.60	\$28.60

WALL STREET

Fears over deficit resurface

THE RALLY in Wall Street's financial markets subsided yesterday with stock prices slipping back from Friday's gains as interest rates moved higher in the credit markets, *writes Terry Byland in New York.*

This week brings a lull in the spate of official statistics on the progress of the U.S. economy and also of federal and state financings. Market attention continued to focus on the prospects for moves by the Reagan Administration to curb the federal deficit as the Presidential election campaigns unfold.

The continued firmness of the Federal Funds rate, the key overnight rate which the Federal Reserve is able to influence, was reflected in higher rates in the credit market.

Next week brings payment date for corporation tax by U.S. business concerns, and this will put increased pressure on short-term funds. The Federal Funds rate edged up to 9 11/16 per cent yesterday, despite $2bn in customer repurchase arrangements by the Fed.

The stock market turned easier behind the weak start in bond prices, but turnover was moderate and prices steadied after an early round of falls.

After drifting downwards for much of the session – the Dow showing a 9 point fall at 2.30 pm – stocks closed above their lowest levels after one of the slackest trading days since the Christmas period.

The Dow Jones industrial average ended a net 6.28 down at 1,165.20, with only 70.1m shares traded. The bonds market weakened significantly at the end of the day to show falls ranging to a full point.

There was no great selling pressure, simply a lack of buying follow through to Friday's advance which came chiefly from the personal investor. The major investment institutions remained on the sidelines, waiting for the end of the week when the latest set of unemployment statistics may offer a further clue to the pace of economic growth and thus to the trend of Federal Reserve credit policies.

A rise of more than 20 per cent in orders for houses in February seemed to indicate continued strength in the economy.

The tone of the market was set by IBM, $½ down at $111⅝. NCR, the business machine group, dipped $⅝ to $109, and there was a round of minor losses among the industrial stocks.

At $69⅞, General Motors slipped by $¼. General Electric was $½ down at $51¼, Lockheed lost $⅜ to $34⅝, McDonnell Douglas $¼ to $55⅝ and Burroughs $¼ to $45½.

There was a sudden change of direction in oil stocks after a batch of bearish comments from Wall Street analysts.

Taking the view that oil stocks have been falsely boosted by takeover excitement and by the successive fears of closure of the Strait of Hormuz, several analysts warn that prices are too high in relation to earnings.

Exxon at $38½ held its loss to $½, but other oil stocks met some nervous selling. At $35⅝, Standard Oil of California gave up $⅝, while Standard Indiana, at $53¼, shed $1⅛.

The board of Gulf Oil, expecting to be presented with bids of around $13bn from three major predators, had the group's stock suspended before trading commenced. Atlantic Richfield, expected to make a formal offer for Gulf, traded $⅝ lower at $43⅝. Gulf stock re-opened to trade up $1⅜ at $70⅝.

AT & T, $¼ higher at $17½, continued to head the active stocks list, but other features were few and far between. there was further selling of Baxter Travenol, which dipped $¼ to $17⅝.

The key long bond opened with a loss of 20 basis points and could make no recovery. At 98 11/32, the bond was finally showing a fall of a fall of 1 7/32.

Treasury bill rates put on a few basis points, leaving the three-month bill at 9.19 per cent discount and the six month at 9.34 per cent.

LONDON

GOVERNMENT securities attracted widespread funds in London yesterday on hopes of lower lending rates, while leading equities started the day full of promise.

However, the FT Industrial Ordinary index ended 6.3 down at 832.6 after breaking through last month's record high of 840.5 at 10am. The FT-SE 100 index fell 7 points to 1,053.7.

Middle East fears boosted gold shares and leading issues hit a 13-month high. Retail banks began the latest dividend season erratically, with Barclays little changed but NatWest 15p off at 695p ahead of today's results.

Details, Page 35, Share information service, Pages 36–37

HONG KONG

A STRONG reception to a new share offer helped an early rally in Hong Kong which saw the Hang Seng index add more than 20 points in the first hour of trading.

The market later levelled off to end the session 22.42 ahead at 1,102.05 – its highest since February 6 – on combined turnover up to HK$257.46m from Friday's HK$234.67m.

An offer of 112.5m shares in the electronics manufacturer, Elec & Eltec, was around 84 times oversubscribed.

SINGAPORE

INCOME TAX reductions announced in Singapore's budget last Friday were widely expected and the measures made little impact on market trading yesterday.

The Straits Times industrial index ended down 3.52 at 1,018.08 as profit-taking and a lack of follow-through buying eroded a steadier opening.

AUSTRALIA

HIGHER base and precious metals prices helped Sydney to maintain its firm opening. The All Ordinaries index ended up 8.8 at 735.1, with the outstanding performances coming from the gold sector.

Elsewhere, News Corporation added A$1 to A$11 before its announcement of a 65.7 per cent rise in first-half net earnings, while Boral, the building and construction materials group, added 8 cents to A$3.30 ahead of its 57 per cent jump in interim profit.

SOUTH AFRICA

THE firmer world bullion price helped push gold shares sharply higher in Johannesburg and most other sectors also benefited. Strong demand was seen from both local and foreign investors.

The best performances included St. Helena, up R4.50 to R49, and Vlakfontein which added 45 cents to R4.35.

CANADA

SHARES built on an early advance in Toronto spurred by renewed strength in base metals and minerals, golds and the oil and gas sector. Weakness was to be seen, however, in papers and transport issues.

In Montreal, the market was also marginally higher overall, reflecting advances among industrials and papers, but utilities and banks turned weaker.

EUROPE

Holidays prove a distraction

SEVERAL EUROPEAN bourses were distracted by holidays yesterday, while investors elsewhere maintained a vigilant watch on currency movements. Trading activity, however, was largely confined within a cautious range.

The most obvious sign of life was in **Brussels**, where the Stock Exchange index gained 1.88 to 142.29. A brisk advance by Petrofina, on suggestions that French buyers were active as a prelude to Kuwait taking a stake in Belgium's largest industrial unit, spilled over into other sectors. Petrofina opened at BFr 7,200 and closed a net BFr 200 higher at BFr 7,340.

Reduced concern over the weakness of the Belgian franc within the European Monetary System as government discussions on the budget continue, and a stable, if still relatively high, unemployment rate, added to the air of contentment, despite the holiday closures in Luxembourg.

In utilities, Electrafina gained BFr 20 to BFr 3,705, while Ebes put on BFr 40 to BFr 2,365. In steels, Cockerill Sambre continued to rise by BFr 9 to BFr 223, following Government agreement on an aid plan.

A calm session in **Paris** saw most shares edge higher, although investor interest was partially offset by the strength of the D-Mark and the yen.

BSN moved against the trend in the food sector with a FFr 49 rise to FFr 2,550, while Pernod Ricard put on FFr 5 to FFr 703.

The traditional holiday lull was evident in **Frankfurt**, where shares finished narrowly mixed. The Commerzbank index was not calculated due to the closure of the Düsseldorf bourse, while the FAZ index moved 0.03 up to 351.77.

Banks were mixed, with Dresdner gaining DM 1.20 to DM 177.20 and Commerzbank 40 pfg off at DM 183.30.

Chemicals were unchanged to lower with BASF steady at DM 165.30, while Hoechst at DM 179 was 60 pfg weaker.

Daimler lost DM 8.50 to DM 573.50 in generally higher motors, while Degussa, the chemicals and precious metals group, rose DM 4.80 to DM 384.50 on the current upward trend in gold and particularly silver.

Bonds rose in a continuation of Friday's firm levels, and the Bundesbank sold DM 14.8m in paper against DM 98.1m on Friday.

Turnover in shares and fixed interest bonds on the Frankfurt exchange rose by 12.5 per cent to DM 12.28bn during February.

Aimless **Amsterdam** trading saw the ANP-CBS index gain 0.50 to 161.80, as foreign investors stayed on the sidelines assessing the recent batch of corporate results. Domestic investors were also largely absent due to a local holiday.

In internationals, Akzo managed a 30 cent rise to Fl 105.10, and Unilever gained Fl 1.50 to Fl 248. The best sector of the session was investment funds with Robeco up Fl 6 to Fl 332 and Rolinco Fl 5.70 higher at Fl 315.20.

Zurich finished little changed with the dollar decline having only a small impact, except on Swissair, SwFr 5 up at SwFr 1,050. Alusuisse's SwFr 13 decline to SwFr 853 was largely due to its dividend omission and the reduced loss of SwFr 82m on SwFr 7.22bn turnover for 1983, although the group expects a return to profitability this year.

A technical rally boosted **Stockholm** with Esselte, SKr 16 higher at SKr 346, scoring one of the best gains of the day. Astra and Ericsson both rose SKr 10 to SKr 550 and SKr 369, while Pharmacia managed a SKr 6 rise to SKr 309.

Early bullish activity in **Milan** dissipated leaving shares selectively higher. Fiat was actively traded L50 up to L4,370, while Olivetti put on L120 to L4,450.

TOKYO

Yen's sharp rise spurs upswing

IN A continuation of Saturday's upswing, stock prices extended their upward trend in Tokyo yesterday, spurred by the yen's sharp rise on the overseas foreign exchange markets, *writes Shigeo Nishiwaki of Jiji Press.*

Buying interest centred on oil and electric power companies, which benefit from the yen's appreciation.

However, selective buying interest was restrained as investors were uncertain whether the yen's rise against the U.S. dollar would be sustained or short-lived.

The Nikkei-Dow market average gained 32.43 over last Saturday to 10,088.94. Trading volume amounted to 279.92m shares. Advances outpaced declining issues by 368 to 301 with 172 issues unchanged.

Reflecting the strong performance on the overseas foreign exchange markets, the yen spurted on the Tokyo foreign exchanges yesterday to break the 226 barrier against the dollar at one point.

This prodded investors into buying oil issues, which added exchange gains, with Maruzen Oil advancing Y15 to Y363 and Toa Nenryo Y30 to Y1,170.

Investors also bought electric power companies, encouraged by prospects that the yen's rise could cut bills for imported crude oil and other raw materials. Tokyo Electric Power increased Y10 to Y1,330.

Buying interest also spread to middle and small-capital stocks related to electronic equipment. Shin-etsu Chemical jumped Y60 to an all-time high of Y1,230, compared with the previous high of Y1,220 set on January 9. Kokusai Electric, a semiconductor manufacturing equipment maker, also surged Y100 to Y2,330.

Very high-priced stocks, attracting speculators' attention, also rose with Kokusai Denshin Denwa (KDD) hitting an all-time high of Y21,430, up 1,530. Kyocera moved up Y100 to Y10,000.

However, blue chips were mixed as investors were still uncertain whether the yen's sharp rise would lead foreign investors to step up buying or to move to take profits.

Bond market prices were spurred by the yen's steep rise. City banks and trust banks concentrated trading mainly in medium and long-term bonds.

The yield on the 7.5 per cent government bonds maturing in January 1993 declined from 7.34 per cent on Saturday to 7.33 per cent. The yield on the 6.1 per cent government bonds with a little over four years remaining to maturity also dropped from 7.01 per cent to 6.95 per cent.

Institutional investors in the U.S. and some European countries increased their buying on the basis that yen-denominated bonds are comparatively cheaper.

However, in response to the rapid rise of the yen, the bond market was dominated by a wary mood, as traders awaited an indication of the foreign buying trend.

WORLD STOCK MARKETS

CANADA

Stock (Closing Prices)	Mar 5	Vars.
AMCA Int.	21	-¾
Abitibi	25¼	-½
Agnico Eagle	19¾	+⅛
Alberta Energy	22	-⅛
Alcan Alumn	42⅝	+⅛
Algoma Steel	26⅝	-⅛
Bk Montreal	28⅝	+⅛
Bk Nova Scotia	13½	+⅛
Bell Canada	31½	+⅛
Bombardier A	17	
Bow Valley	24½	-⅛
B.P. Canada Res	[illegible]	
Brascan A	26¾	+⅛
Brinco	2.31	
B.C. Forest	12½	
CIL Inc	30	+⅛
Cadillac Fairv.	11⅝	+⅛
Campbell Red Lk	[illegible]	
Can Cement Pf	14⅝	
Can NW Energy	31	+⅛
Can Packers	26½	
Can Trustco	47	
Can Imp Bank	29½	-⅛
Canadian Pacific	45½	-⅛
Can. P. Ent.	21¾	-⅛
Can Tire A	12	-⅛
Carling O'Kfe	21½	
Chieftain	18¾	-⅛
Cominco	55¾	-⅛
Cons Bathst A	27	+⅛
Copper Lake	3.2	
Costain	9¾	
Daon Devel	[illegible]	
Denison Mines A	[illegible]	
Dofasco	18½	
Dome Mines	20⅞	
Dome Petroleum	4.25	
Dom Stores	18	
Domtar	32⅞	+⅛
Falconbridge	85	+⅛
Genstar	25½	
Giant Y'knife	27	+1
Gt West Life	300	
Gulf Canada	19	+⅛
Hawk Sid Can	17⅛	
Hudson's Bay	22	+⅛
Husky Oil	10⅝	+⅛
Imp Oil A	34⅝	
Inco	17¼	+⅛
Indal	11⅝	
Inter Pipe	28	+⅛
LAC Minerals	37	
Loblaw	[illegible]	
Macmill Bloedel	21⅛	-⅛
Marks & Spencer	14	
Massey-Ferg.	4.8	+0.05
McIntyre Mines	40½	+1⅛
Mitel Corp	14⅝	
Molson	[illegible]	
Moore Corp	47⅛	-⅛
Nat. Sea Prods A	8	
Noranda Mines	24	+⅛
Norcen Energy	17⅛	
Nthn Telecom	12½	-⅛
Nova Alberta	6⅞	
Oakwood Pet	44	
Pacific Pet	34	-⅛
Pancanadian Pet	23⅛	-⅛
Patino	18	
Placer Devt	22½	+⅛
Power Corp Can	18⅞	-⅛
Quebec Sturgeon	8⅛	
Ranger Oil	11⅝	
Reed Stenhse A	12⅝	
Rio Algom	18⅞	-⅛
Royal Bank	32⅛	-⅛
Royal Trustco A	27	
Sceptre Res	5⅛	+⅛
Seagram	44⅝	
Simpsons Sears A	[illegible]	
Shell Can Oil	25⅝	
Steel Co A	27½	
Teck B	10⅞	
Texaco Canada	39¼	-⅛
Thomson News A	38⅜	-⅛
Toronto Dom Bank	16⅝	
Transalta A	22¼	+⅛
Trans. Can. Pipe	22½	+⅛
Walker Hiram	25½	
Westcoast Trans	14⅜	-⅛
Weston (Geo)	68	+2

Mar. 5	Price Schs.	+ or —
Creditanstalt	215	
Goesser	387	
Interunfall	405	
Laenderbank	214	+1
Perlmooser	328	+1
Steyr-Daimler	156	
Veitscher Mag	213	+2

BELGIUM/LUXEMBOURG

Mar. 5	Price Frs.	+ or —
ARBED	1,458	
Banq Int A Lux	5,200	
Bekaert B	3,300	+195
Ciment CBR	2,155	+55
Cockerill	223	+9
Delhaize	5,000	
EBES	2,365	+40
Electrobel	5,870	
Fabrique Nat	2,180	—40
GB Inno BM	5,260	+140
GBL (Brux)	1,840	—20
Gevaert	3,000	
Hoboken	5,140	+30
Intercom	1,840	+20
Kredietbank	6,950	+50
Pan Hldgs	9,500	
Petrofina	7,340	+200
Royale Belge	7,400	—100
Soc. Gen. Banq	3,205	—10
Soc. Gen. Belge	1,760	+40
Sofina	5,620	+50
Solvay	3,730	—5
Tractionel	3,155	+5
UCB	4,595	+35
Vieille Mont	3,975	+75

DENMARK

Mar. 2	Price Kr. %	+ or —
Aarhus Olie	380	
Andelsbanken	240	+5
Baltic Skand	608	+15
CopHandelsbank	246	+4
D. Sukkerfab	666	
Danske Bank	282	+2
East Asiatic	195	+1
Forenede Brygg.	885	
Forenede Damp.	188	+2
GNT Hldg.	570	
I.S.S.B.	860	
Jyske Bank	540	
Novo Ind	2,625	+40
Privatbanken	279	
Provinsbanken	312	+3
Smidth (F.)	239	
Sophus Berend.	1,140	
Superfos	499	+11

FRANCE

Mar. 5	Price Frs.	+ or —
Emprunt 4½% 1973	1,999	+19
Emprunt 7% 1973	10,012	+32
CNE 3%	3,535	+20
Air Liquide	532	+2
BIC	600	
Bouygues	706	
BSN Gervais	2,550	+49
CIT-Alcatel	1,550	+210
Carrefour	1,342	+193
Club Mediter'n	848	+7
CFAO	555	
Cie Bancaire	469.9	+2.9
Cofimeg	211.5	+0.5
Creusot Loire	46.9	+0.1
Darty	840	+45
Dumez S.A.	784	+14
Eaux (Cie Gen)	520	—13
Elf-Aquitaine	225	—4.1
Gen. Occidentale	555	—8
Imetal	78	—2
Lafarge Coppee	327.5	+0.5
L'Oreal	2,846	+28
Legrand	2,005	+37
Maisons Phenix	266	—9
Matra S.A.	1,565	+30
Michelin B	900	—10
Midi Cie	1,420	+21
Moet-Hennessy	1,450	—2
Moulinex	130	+1.5
Nord Est	50	+1
Pernod Ricard	703	+5
Perrier	520	+5
Petroles Fra.	225	+6
Peugeot S.A.	251.5	—2.4
Poclain	56	+0.6
Printemps Au.	140	—1
Radiotech	371	—6
Redoute	1,052	+3
Roussel-Uclaf	814	+17
Schneider S.A.	130	+3.8
Sefimeg	247	+0.8
Skis Rossignol	1,560	+10
Telemech Elect.	1,666	—12
Thompson (CSF)	215	—5
Valeo	290	+4.9

GERMANY

Mar. 5	Price DM	+ or —
AEG-Telef	102.5	+1.9
Allianz Vers	776	
BASF	165.3	
Bayer	168.9	—0.2
Bayer-Hypo	299	—1
Bayer-Verein	340	—0.5
BHF-Bank	289.5	—0.5
BMW	412	+1
Brown Boveri	225	+1.5
Commerzbank	183.3	—0.4
Cont'l. Gummi	134.5	+2.5
Daimler-Benz	572.5	—8.5
Degussa	384.8	+4.8
Demag	146	—1
D'sche Babcock	164	—4
Deutsche Bank	385.8	—0.8
Dresdner Bank	177.2	+1.2
GHH	147	
Hochtief	510	+8
Hoechst	170	—0.6
Hoesch Werke	119	+0.5
Holzmann (P)	455	
Horten	177	—0.5
Kali und Salz	198	—2
Karstadt	258	—2
Kaufhof	256.5	—1.5
KHD	260	—5
Kloeckner	67	—1.8
Krupp	83.5	
Linde	372.5	+0.5
Lufthansa	168	
MAN	144.5	+2.5
Mannesmann	143.8	+0.8
Mercedes Hld	317	+2
Metallgesell	239	+1
Muench Rueck	1,135	
Preussag	269.1	—0.9
Rhein West Elect	150.2	—0.6
Rosenthal	259	+1
Schering	337	
Siemens	401.3	+1.2
Thyssen	88	
Varta	180.2	—0.3
Veba	176.3	+0.8
V.E.W.	123.5	+0.5
Verein-West	323	—5
Volkswagen	210.5	+0.8

ITALY

Mar. 5	Price Lire	+ or —
Banca Com'le	35,480	+150
Bastogi IRBS	154.5	—0.4
Centrale	1,661	—30
Credito Varesino	5,150	+90
Fiat	4,370	+50
Finsider	42.4	—0.6
Generali Assicur	38,390	+190
Invest	3,232	+40
Italcementi	48,550	—145
Montedison	228	+0.6
Olivetti	4,450	+120
Pirelli Co	3,208	+3
Pirelli Spa	1,745	—9
Snia BPD	1,677	+6
Toro Assic.	13,670	+30
do. Pref	10,449	—1

NETHERLANDS

Mar. 5	Price Fls	+ or —
ACF Holding	182	
AEGON	127	—2
Ahold	212.5	—1.5
AKZO	108.1	+0.3
ABN	389	+4
AMEV	188	
AMRO	72	—0.5
Bredero Cert	198	—0.7
Bos Kalis Westm	49.2	—0.1
Buehrmann-Tet	67.5	—0.7
Calland Hldgs	37.3	—0.2
Credit Lyon'is Bk	56	+3
Elsevier-NDU	535	+5
Ennia	180	+1
Gist. Brocades	144.5	+0.5
Heineken	138	+0.6
Hoogovens	49.8	+0.3
Hunter Douglas	28.4	+0.1
Int Mueller	36	+0.5
KLM	175	+1
Naarden	43.5	+0.6
Nat Ned Cert	220	—1
Ned. Credit Bank	39	
Ned Mid Bank	159	—1
Nedlloyd	113.5	—0.7
Oce Grinten	243	
Ommeren Van	290	—4
Pakhoed	66	+0.5
Philips	46.1	+0.1
Rijn-Schelde	4.1	
Robeco	333	+5
Rodamco	132.3	+3
Rolinco	215.2	+5.7
Rorento	203.3	+0.9
Royal Dutch	155	+2
Unilever	248	+1.5
VMF Stork	100	+0.5
VNU	151.5	—1.5
West Utr Bank	94	

NORWAY

Mar. 5	Price Kroner	+ or —
Bergens Bank	157	+1
Borregaard	301	—7
Christiania Bk	157.5	+0.5
Den Norske Credit	170	+5
Elkem	159	+1
Norsk Data	272.5	+4.5
Norsk Hydro	604	+6
Storebrand	330	+8

SPAIN

Mar. 2	Price Pts %	+ or —
Bco Bilbao	285	+8
Bco Central	333	+2
Bco Exterior	205	+5
Bco Hispano	248	+3
Bco Santander	296	+6
Bco Vizcaya	377	+8
Dragados	147	+3
Hidrola	54.2	+0.5
Iberduero	58.2	+0.5
Petroleos	112.5	—2.5
Telefonica	80.5	+1.5

SWEDEN

Mar. 5	Price Krona	+ or —
AGA	375	
Alfa-Laval	288	+1
ASEA (Free)	374	+3
Astra (Free)	550	—10
Atlas Copco	126	+1
Boliden	418	+6
Cardo (Free)	315	+18
Cellulosa	173	—2
Electrolux B	279	+5
Ericsson	269	+10
Esselte	346	+10
Mo Och Domsjo	430	+5
Pharmacia	309	+5
Saab Scania	370	+2
Sandvik	380	
Skandia	470	—5
Skan Enskilda	356	—5
SKF	259	+1
St. Kopparberg	380	+5
Sven Handelsbn	243	+3
Swedish Match	276	—4
Volvo B (Free)	456	—1

SWITZERLAND

Mar. 5	Price Frs.	+ or —
Alusuisse	863	—15
Bank Leu	4,340	+20
Brown Boveri	1,450	
Ciba Geigy	2,260	—20
do. (Part Certs)	1,760	—20
Credit Suisse	2,255	—5
Elektrowatt	2,710	
Fischer (Geo.)	655	—15
Genevoise	3,685	
Hoff-Roche PtCts	101,625	—125
Hoff-Roche 1/10	10,075	—50
Jacobs Suchard	6,625	+25
Jelmoli	1,780	—30
Landis & Gyr	1,400	
Nestle	4,790	
Oer-Buehrle	1,305	—5
Pirelli	253	+5
Sandoz (Br)	6,950	+50
Sandoz (PtCts)	1,040	
Schindler (PtCts)	520	—20
Swissair	1,050	+5
Swiss Bank	347	+1
Swiss Reinsce	7,850	+25
Swiss Volksbk	1,500	+5
Union Bank	3,540	+20
Winterthur	3,950	+25
Zurich Ins	17,850	+300

AUSTRALIA

Mar. 5	Price Aust $	+ or —
ANZ Group	5.5	—0.04
Acrow Aust	1.8	
Alliance Oil D	0.84	—0.02
Ampol Pet	1.75	—0.02
Aust Cons Ind	1.5	—0.02
Aust Guarant	2.7	
Aust Nat Inds	2.4	
Aust Paper	2.15	+0.01
Bell Group	5.0	+0.06
Bond Corp Hldgs	1.52	
Boral	3.5	—0.05
B'ville Copper	2.5	+0.08
Brambles Inds	2.5	+0.05
Bridge Oil	3.2	+0.05
BHP	13.3xr	—0.2
CRA	5.4	+0.14
CSR	3.72	+0.12
Carlton Utd	3.85	+0.03
Castlemaine Tys	4.15	+0.15
Coles (G.J.)	3.72	+0.06
Comalco "A"	2.85	
Consolidated Pet	1.06	+0.02
Costain Aust	1.25	
Dunlop Aust	1.5	+0.03
Elders IXL	5.1	+0.05
E.Z. Inds	4.1	+0.05
Energy Res	1.5	—0.05
Gen Prop Trust	1.68	
Hardie (J.)	3.35	
Hartogen Energy	2.85	
Herald W'y Times	3.15	
ICI Aust	1.95	
Jimb'lana 50cFP	0.27	
Kia Ora Gold	0.18	
Lend Lease	4.65	
MIM	3.46	+0.12
Mayne Nickless	2.45	+0.05
Meekatharra	0.6	
Myer Emp	1.82	
Nat.Com. Bk	3.52	
News	5.5	
Nicholas Kiwi	3.00	—1.0
North Bkn Hill	2.7	+0.05
Oakbridge	0.9	+0.02
Otter Expl	0.67	+0.02
Pancont'l	1.15	+0.05
Pioneer Conc	1.61	—0.01
Reckitt & Coln	2.66	
Repco	1.16	—0.01
Santos	7.46	+0.1
Smith (H.)	3.85	—0.02
Southland Min'g	0.32	+0.01
Sparges Expl	0.42	+0.02
Thos. Natwide	2.0	—0.08
Tooth	5.04	
UMAL Cons	3.62	+0.12
Vamgas	2.35	+0.05
Western Mining	4.12	+0.17
Westpac	3.55	+0.06
Woodside Petrol	0.93	
Woolworths	2.48	+0.05
Wormald Intl	3.22	+0.02

HONG KONG

Mar. 5	Price H.K.$	+ or —
Bank East Asia	29.5	+0.5
Cheung Kong	9.6	+0.25
China Light	13	
Hang Lung Devel	2.15	
Hang Seng Bank	45.5	+1.5
HK Electric	6.8	+0.2
HK Kowloon Wh.	4.47	—0.03
HK Land	3.85	+0.18
HK Shanghai Bk	9.0	+0.2
HK Telephone	45.25	
Hutchison Wpa.	17.5	+0.6
Jardine Math.	12.9	+0.5
New World Dev	3.6	+0.05
Orient O'seas	2.62	+0.02
O'seas Trust Bk.	3.85	+0.05
SHK Props	7.25	+0.15
Swire Pac A	17.8	+0.1
Wheel'k Mard A	2.6	+0.08
Wheel'k M'time	2.00	
World Int. Hldgs.	2.57	+0.1

JAPAN

Mar. 5	Price Yen	+ or —
Ajinomoto	1,000	—10
Alps Electric	2,660	+60
Amada	1,400	+50
Asahi Chem	419	+1
Asahi Glass	707	+2
Bridgestone	563	—7
Canon	1,420	—10
Casio Comp	1,530	+10
Chugai Pharm	1,080	+10
Citizen	639	—1
Daiei	580	
Dai Nippon Ptg	952	+16
Daiwa House	498	—9
Ebara	326	—2
Eisai	1,230	—20
Fanuc	12,350	+50
Fuji Bank	810	+10
Fuji Film	1,540	+10
Fujisawa	799	—1
Fujitsu	1,200	—10
Green Cross	1,550	—20
Hasegawa	580	
Heiwa Real Est	612	—5
Hitachi	865	+9
Hitachi Credit	1,690	—10
Honda	1,040	
House Food	791	+1
Hoya	1,850	+10
Itoh (C)	286	+3
Ito-Yokado	1,690	+10
Iwatsu	2,360	+20
JACCS	376	+3
JAL	3,100	+100
Jusco	821	+15
Kajima	295	
Kao Soap	690	—5
Kashiyama	616	—4
Kirin	549	+6
Kokuyo	1,150	+60
Komatsu	483	—2

JAPAN (continued)

Mar. 5	Price Yen	+ or —
Konishiroku	649	—6
Kubota	324	+6
Kumagai	425	—6
Kyoto Ceramic	10,000	+100
Maeda Const	462	—2
Makino Milling	1,490	+60
Makita	1,110	+10
Marubeni	270	
Marudai	635	+10
Marui	1,170	—20
MEI	1,880	+30
M'ta Elec Works	790	+10
M'bishi Bank	790	+10
M'bishi Corp	517	+2
M'bishi Elec	400	+1
M'bishi Estate	457	+1
MHI	245	
Mitsui Co	335	—1
Mitsui Estate	710	+5
Mitsukoshi	351	—4
NGK Insulators	715	+24
Nihon Cement	215	—1
Nippon Denso	1,540	+10
Nippon Elect	1,380	—40
Nippon Express	293	
Nippon Gakki	620	—10
Nippon Kokan	140	
Nippon Oil	1,100	+30
Nippon Seiko	690	+7
Nippon Shimpan	747	
Nippon Steel	172	+3
Nippon Suisan	356	
NTV	11,200	+500
Nippon Yusen	244	+1
Nissan Motor	735	+10
Nisshin Flour	470	+4
Nisshin Steel	184	
Nomura	775	+9
Olympus	967	—5
Omron Tateisi	1,980	+30
Orient Leasing	3,630	+130
Pioneer	3,420	—30
Renown	652	+1
Ricoh	1,070	
Sankyo	666	+1
Sanyo Elect	553	+1
Sapporo	387	+1
Sekisui Prefab	556	+5
Seven-Eleven	7,600	+60
Sharp	1,280	
Shimadzu	553	—2
Shionogi	700	
Shiseido	1,020	—10
Sony	3,480	+30
Stanley	765	—5
S'tomo Elect	896	+14
S'tomo Marine	295	
S'tomo Metal	156	
Taihei Dengyo	500	+9
Taisei Corp	214	—2
Taisho Pharm	925	+21
Takeda	710	
TDK	6,770	—20
Teijin	376	—1
Teikoku Oil	700	+9
Tokyo Marine	541	+1
TBS	730	+14
Tokyo Elect Pwr.	1,330	+10
Tokyo Gas	178	+1
Tokyo Sanyo	718	+4
Tokyo Style	854	+8
Tokyu Corp	334	—1
Toppan Print	699	—4
Toray	397	+4
Toshiba Elect	388	—2
TOTO	565	+13
Toyo Seikan	719	+9
Toyota Motor	1,330	+10
Victor	3,350	+60
Wacoal	765	+8
Yamaha	555	—12
Yamanouchi	1,290	—30
Yamazaki	765	+3
Yasuda Fire	256	—1
Yokogawa Bdge.	415	—5

SINGAPORE

Mar. 5	Price $	+ or —
Boustead Hldgs.	2.84	
Cold Storage	4.62	
DBS	10.0	—0.1
Fraser & Neave	6.35	—0.10
Genting	5.65	
Haw Par. Bros	2.75	—0.05
Inchcape Bhd.	2.90	+0.02
Keppel Shipyard	3.40	—0.02
Malay Banking	10.0	+0.05
Malay Brew	7.00	
Multi Purpose	1.97	
OCBC	11.1	
OUB	4.6	
Sime Darby	2.66	
Straits St'mship.	1.70	—0.01
Straits Trdg.	5.8	
UOB	5.65	

SOUTH AFRICA

Mar. 5	Price Rand	+ or —
Abercom	2.8	
AE & CI	8.5	+0.4
Anglo Am Coal	26.4	+0.4
Anglo Am Corp	24.1	+0.9
Anglo Am Gold	157.25	+2.75
Barclays Bank	19.95	
Barlow Rand	14.15	+0.15
Buffels	81.5	+4
CNA Gallo	2.6	—0.05
Currie Finance	5	
De Beers	10.9	+0.4
Driefontein	48.75	+2.5
FS Geduld	56.5	+2.5
Gold Fields S.A.	32.6	+1.6
Highveld Steel	5.9	
Nedbank	15.75	+0.15
OK Bazaars	18.25	+0.1
Protea Hldgs	3.35	
Rembrandt	25	
Rennies	15.1	—0.15
Rust. Plat.	15.25	+0.35
Sage Hldgs	6.75	
SA Brews	7.55	+0.05
Smith (C.G)	23.5	
Tongaat Huletts.	11.4	—0.1
Unisec	5.4	+0.1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ≸ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Mar 5	Mar 2	Mar 1	Feb 29	Feb 28	Feb 27	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1165.2	1171.48	1159.44	1154.63	1157.14	1179.86	1286.64 (6/1)	1134.21 (22/2)	1287.2 (29/11/83)	41.22 (2/7/32)
Transport	513.66	528.58	515.02	511.11	518.91	520.47	612.63 (9/1)	494.02 (23/2)	612.63 (6/1/84)	12.23 (8/7/32)
Utilities	128.81	128.38	128.85	127.79	126.01	126.4	134.83 (6/1)	123.7 (23/2)	163.32 (20/4/69)	10.05 (28/4/42)
Trading vol 1000's †	6987	8270	-	-	-	-	-	-	-	-

	Mar 2	Feb 24	Feb 17	(Year Ago Approx)
Ind div yield %	4.71	4.73	4.78	4.78

STANDARD AND POORS

	Mar 5	Mar 2	Mar 1	Feb 29	Feb 28	Feb 27	1983-84 High	1983-84 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	178.23	179.81	178.58	177.33	177.25	180.3	190.64 (6/1)	174.1 (22/2)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	157.89	159.24	158.19	157.06	156.82	159.3	169.28 (6/1)	154.29 (23/2)	170.99 (22/6/83)	4.4 (1/6/32)

	Feb 29	Feb 22	Feb 15	Year Ago (Approx)
Ind div yield %	4.61	4.08	4.03	4.22
Ind. P/E Ratio	12.82	12.59	12.72	11.69
Long Gov Bond Yield	11.98	11.89	11.73	10.39

N.Y.S.E. ALL COMMON

Mar 5	Mar 2	Mar 1	Feb 29	1983-84 High	1983-84 Low
-	-	-	-	442.62 (6/5)	79.78 (3/1)

RISES AND FALLS

	Mar 5	Mar 2	Mar 1
Issues traded	950	968	1938
Rises	540	68	953
Falls	-	527	584
Unchanged	410	373	393

MONTREAL

	Mar 5	Mar 2	Mar 1	Feb 29	1983-84 High	1983-84 Low
Industrials	432.36	431.42	429.52	428.9	451.4 (6/1)	412.97 (21/2)
Combined	412.61	412.27	418.94	410.83	433.87 (6/1)	397.89 (21/2)
TORONTO Composite	-	-	-	-	2585.7 (6/1)	2400.0 (30/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

New York Active Stocks

Monday	Stocks Traded	3.00 p.m. Price	Change on Day
ATT	1,650,500	17¾	
Texaco	1,478,400	45	-2
Gulf Oil	1,044,900	77⅞	+⅞
OXY Pete	1,000,200	27½	-1¾
IBM Corp	630,900	110⅞	-1⅛
OXY Pet I	619,000	107½	-3¼
Hous N Gas	618,100	54	1½
Chrysler	607,500	27⅜	-⅞
Amr Corp	589,000	30¾	-1⅞
UNCAL Cp	555,600	35½	-1⅝

	Mar. 5	Mar. 2	Mar. 1	Feb. 29	1983/84 High	1983/84 Low
AUSTRALIA						
All Ord. (1/1/80)	735.1	726.5	725.1	757.6	787.9 (9/1/84)	487.8 (4/1/83)
Metals & Minls. (1/1/80)	512.4	490.3	485.8	500.5	614.2 (5/9)	411.8 (4/1/83)
AUSTRIA						
Credit Aktien (2/1/62)	55.26	55.25	55.28	55.35	59.8 (5/5)	48.48 (15/2/83)
BELGIUM						
Belgian SE (31/12/63)	142.23	140.41	140.15	140.40	148.23 (1/2/84)	100.50 (4/1/83)
DENMARK						
Copenhagen SE (5/1/83)	196.56	193.6	191.36	194.34	225.21 (20/1/84)	100.00 (6/1/83)
FRANCE						
CAC General (31/12/82)	163.9	163.4	162.1	160.2	175.1 (25/1/84)	96.1 (3/1/83)
Ind Tendance (30/12/83)	105.7	105.4	104.5	105.2	114.7 (25/1/84)	99.4 (6/1/84)
GERMANY						
FAZ-Aktien (31/12/58)	351.77	351.74	350.61	348.40	378.84 (2/2/84)	241.88 (25/1/83)
Commerzbank (1/12/53)	(u)	1054.4	1050.0	1020.8	1098.5 (2/2/84)	727.9 (25/1/83)
HONG KONG						
Hang Seng Bank (31/7/64)	1102.05	1079.63	1061.40	1059.29	1154.12 (6/2/84)	690.06 (4/10)
ITALY						
Banca Comm Ital. (1972)	222.49	221.97	219.56	219.54	229.57 (1/2/84)	180.45 (10/1/83)
JAPAN**						
Nikkei-Dow (16/5/49)	10088.9	9948.48	9928.27	10050.7	10236.7 (30/1/84)	7895.18 (25/1/83)
Tokyo SE New (4/1/68)	787.41	775.57	769.71	776.12	778.60 (27/2/84)	574.51 (25/1/83)
NETHERLANDS						
ANP-CBS General (1970)	161.8	161.5	160.4	160.5	170.3 (1/2/84)	100.1 (4/1/83)
ANP-CBS Indust (1970)	132.5	132.0	131.6	131.9	147.2 (1/2/84)	86.5 (4/1/83)
NORWAY						
Oslo SE (4/1/83)	253.78	250.66	247.65	246.90	253.79 (5/3/84)	99.01 (4/1/83)
SINGAPORE						
Straits Times (1966)	1019.88	1021.60	1018.53	1017.85	1071.31 (8/2/84)	712.29 (5/1/83)
SOUTH AFRICA						
Gold (1958)	(u)	1016.4	1015.9	1018.8	1038.5 (1/2/83)	661.4 (1/11)
Industrial (1958)	(u)	1005.7	999.6	997.1	1008.4 (8/1/84)	794.8 (5/1/83)
SPAIN						
Madrid SE (30/12/83)	(c)	119.62	118.16	117.11	119.62 (5/3/84)	100.00 (30/12/83)
SWEDEN						
Jacobson & P. (1/1/56)	1527.53	1520.74	1507.72	1489.72	1594.6 (3/2/84)	896.18 (6/1/83)
SWITZERLAND						
SwissBankCpn. (31/12/58)	387.7	387.9	387.7	368.2	388.7 (3/1/84)	294.4 (4/1/83)
WORLD						
Capital Intl. (1/1/70)	—	184.8	181.9	181.5	187.2 (20/1/84)	154.3 (6/1/83)

**Saturday February 25: Japan Nikkei-Dow 10,046.05. TSE 778.07.
Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50: Standard and Poors—10: and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Cheaper money optimism continues but Gilts below best and equities close lower

Account Dealing Dates

First Dealings	Option Declarations	Last Dealings	Account Day
Feb 27	Mar 8	Mar 9	Mar 19
Mar 12	Mar 22	Mar 23	Apr 2
Mar 26	Apr 5	Apr 6	Apr 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

Government securities attracted widespread buying again yesterday as optimism strengthened about lower base lending rates either before or shortly after next week's Budget proposals. The authorities' supply of the £25-paid tap stock, Exchequer 9¾ per cent 1988, ran out following bids of 25¼ and this left the way clear for Wednesday's £1bn issue of Exchequer 10 per cent 1989, designated "A," payable on tender at a minimum price of £98.

Brighter signals from money markets, where short-term rates fell below 9 per cent during the morning, and a continuation of sterling's improvement against the dollar stimulated both main investment areas of London stock markets. The early euphoria evaporated, however, and only Gilts managed to close higher on the session. Profit-taking after the recent good advance eventually halved gains here to a maximum of ¼ in markets registering some apprehension about banking February's money statistics due to be announced at 2.30 pm today.

Leading equities similarly started the day full of promise. At the first calculation of the day, the FT Industrial Ordinary share index broke through the January 25 record high of 840.5, but it soon came back. Investors were stubborn and refused to chase values higher in the last full trading Account before the Budget.

Blue chip industrials lost their initial gains before mid-day and thereafter the downturn quickened. Following a disappointing opening tendency on Wall Street yesterday, the index closed 6.3 down on the day at 832.6; this represented a turnround of 9.4 from 10 am. Secondary stocks drew interest, particularly those recommended in the weekend financial columns, but Irish issues shivered following news that a two-man Cork broking house had been suspended pending clarification of its financial position.

Financial issues were allowed no respite from last week's pressure. Closing falls ranged to 27 as holders fearful of Budget possibilities heeded recent advice and reduced their commitments in the sector. Clearing Banks began the latest dividend season erratically with Barclays little changed after the preliminary statement but NatWest easier awaiting its announcement today.

Barclays dip and rally

Growing fears about the Middle East prompted another flury of buying interest in gold mining issues as bullion moved confidently over $400 an ounce. South African Golds posted gains ranging to around £3½ and the FT Gold mines index jumped 31.2 to close at 704.7, its best level since February last year.

Barclays got the clearing bank dividend season off to an uninspiring start, the shares closing a couple of pence dearer at 522p, after 515p; the 12¼ per cent increase in annual earnings fell below best expectations owing to a much larger-than-expected £475m bad debt provision. The other major clearers, unsettled of late by Budget tax fears, perked up apart from NatWest, which closed 15 down at 695p awaiting today's preliminary figures. Midland, which reports on Thursday, gained 5 to 390p, while Lloyds ended 10 better at 582p, after 585p.

Life Insurances suffered a further sharp reaction following widespread weekend Press comment on the possibility of premium relief being abolished. Closing levels were above the day's lowest in most cases, but Equity and Law, still sustained a fall of 20 to 755p and Sun Life dropped 27 to 573p, after 565p. Pearl, which fell 85 last week, gave up 12 more at 778p, after 763p, while London and Manchester relinquished 13 at 472p, after 465p. Hambro Life lost 12 at 416p, after 413p, but Legal and General rallied from 468p to finish unaltered at 478p. Lloyds Brokers made progress on revived takeover hopes. Old favourite, Hogg Robinson gained 3 to 170p, while C. E. Heath improved 8 to 325p.

Carpet manufacturer Burmatex staged a successful market debut; placed at 155p, the shares opened at 172p and moved up to 182p before settling at 174p. Petranol, the oil and gas exploration group, advanced 9 more to 175p compared with the offer-for-sale price of 125p. Elsewhere among recently-issued equities, USM-quoted Norbain Electronics gained 8 to 193p; the placing price was 116p.

The prospect of a higher bid from Burtonwood excited Border which jumped 19 to 277p. Elsewhere in quietly firm Breweries, Bass reflected publicity given to a broker's circular and closed 5 better at 323p.

Blue Circle encountered fresh demand and rose 7 to 442p, but other leading Building issues settled a shade easier with recently firm AMEC losing 4 to 233p. Situation stocks were responsible for other noteworthy movements. William Leech responded to Press suggestions of a possible private housebuilding injection and touched 107p before closing a net 6 up at 102p, while John Finlan, in which a Bermuda-based concern recently acquired a near 15 per cent stake, added 4 at 198p, after 203p. Brick cornern Ibstock Johnsen attracted fesh takeover speculation and touched 215p before profit-taking left the close only a penny dearer on balance at 214p. Helical Bar, a volatile market since the revelation that more than £150,000 had been misappropriated from the company, dipped 7 to 38p. Dealings in Beechwood were suspended, at 15p, at the company's request pending clarification of its position.

Light offerings and lack of fresh support clipped 4 from ICI at 588p. Among other Chemicals, Wolstenholme Rink attracted revived support and put on 8 to 138p.

Woolworth up again

Leading Stores drifted lower for want of support with sentiment in the later stages not helped by the revised January retail sales figure. Gussies "A" slipped 7 to 590p and Habitat softened a couple of pence to 310p, while Marks and Spencer eased a penny to 234p. Against the trend, Woolworth continued to reflect persistent demand in a market short of stock and closed a further 6 up at 423p. Elsewhere, Vantona put on 6 to 236p, while Ratners, with the help of Press comment, hardened the turn to 52p. Currys, 307p, and Dixons, 253p, advanced 7 and 6 respectively and George Oliver "A" firmed 5 to 275p.

Headlam Sims featured Shoes, rising 5 to 46p, after 47p, in response to newspaper mention.

Thorn EMI, up 5 at 650p, after 660p, on the £25m contract to supply British Rail with computerised ticket machines, resisted dullness among the Electrical leaders; Plessey fell 8 to 214p and Racal 6 to 212p. Elsewhere, Systems Designers, reflecting weekend comment, advanced 25 to 570p. United Scientific were noteworthy for a fresh rise of 10 to 285p, while CASE closed similarly dearer at 515p. Kode International improved 7 further to 270p awaiting Friday's preliminary statement. Telefusion, on the other hand, remained on offer after last week's announcement of lower interim profits and gave up 2 more at 52p.

Ransomes Sims, up 15 at 328p, in response to the good annual figures, and Hallite, 60 higher at 260p, following news that certain shareholders had been approached with a view to selling their shareholdings, enlivened the Engineering sector. Elsewhere, Westland improved 6 to 175p on the order for four MK. 4 Sea King helicopters from the Ministry of Defence. Adwest hardened 2 to 155p following acquisition news, while Davies and Metcalfe, ahead of Thursday's results, also improved a couple of pence to 95p.

Leading Foods closed with irregular movements. Associated Dairies slipped 4 to 152p, but J. Sainsbury hardened 5 to 475p. Tavener Rutledge highlighted secondary issues, rising 14 to 58p, after 62p, as takeover rumours resurfaced. Cullens, another bid favourite, attracted fresh speculative demand and the "A" shares rose 10 to 173p. An agreed 30p per share offer from Palmer and Harvey left confectioners P. Panto 6 up at 29p, while Bensons Crisps added 5 to 137p awaiting today's annual results.

Leading Hotels and Caterers were little altered, but Ladbroke drew support following an investment recommendation and firmed 6 to 233p. Elsewhere, Norfolk Capital slipped 3 more to 64p as bid hopes continued to fade. Mount Charlotte hardened 1½ to 37½p. [illegible] figures are due today.

With the exception of falls of 15 and 10 respectively in U.S. favourites, Glaxo, 780p, and Beecham, 320p, losses in the Miscellaneous Industrial leaders were usually limited to a few pence or so. Elsewhere, British Vita responded to the good preliminary results and proposed one-for-ten scrip issue with a rise of 8 to 213p. Hoskins and Horton, up 20 at 185p, reflected favourable comment, while others to record gains on weekend Press mention included Redfearn Glass, 108p, Rawley Group, 101p, and TSL Thermal Syndicate, 65p. Renewed demand lifted Bunting Associated 15 more to 230p, but Gestetner "A," bought persistently over recent weeks on bid hopes, retreated 10 to 93p. Channel Tunnel moved up 15 to 155p following a report that five of Britain's top construction groups are to work together to promote the project. Fisons edged up 5 to 735p ahead of today's preliminary statement, but Emray closed a penny cheaper at 17p, after 16p, following confirmation that a consortium of investment clients had acquired a 27.58 per cent stake in the company. Dealings were suspended in Mandarin Resources, at 5½p, until further notice.

Profit-taking in the wake of the annual results left Hawley Group's quoted subsidiary Black and Edgington a net 10 down at 106p, after 104p.

Garages provided two notable features in the Motor sector. Jessups moved up 6 to 43p on persistent speculative buying, while Charles Hurst found support at 160p, up 7. Elsewhere, AE gained 3½ to 86½p on revived hopes that the Monopolies Commission would soon give clearance to GKN's bid. Dowty put on 4 to 141p and Armstrong Equipment gained 1½ to 35p, after 36p.

Paper/Printings had contrasting features in KLP, which closed 7 better at 197p and Usher Walker, 13 down at 175p on profit-taking.

A few pence firmer initially, leading Properties drifted back in the absence of follow-through support and closed a shade easier on balance. Land Securities settled a couple of pence cheaper at 276p, after 281p, and MEPC a penny off at 277p, also after 281p. Haslemere Estates slipped 4 to 494p and Stock Conversion eased 5 to 318p. Slough Estates moved up to 129p before closing without alteration at 127p; the group has sold the first two phases of its Garrick Industrial Centre development to Shell Pensions Trust for £7m. Elsewhere, Rosehaugh met with revived speculative support and firmed 5 to 380p, while C. H. Beazer added the same amount at 338p. Priest Marians rose 15 to a 1983-84 peak of 435p in a restricted market, but Dares Estates lost ½ to 23p following the acquisition of commercial property concern Rogate for £2.6m. Regentcrest shed 2½ to 25p: St James's Corporate Services has disposed of its 22 per cent stake.

In Textiles, Courtaulds drifted 2 lower to 133p. A. Martin reflected Press comment with a rise of 4 to 55p, after 58p, while Jerome attracted buyers at 72p, up 6. Corah hardened 2 to 72p and Nova Jersey 3 to 44p.

London and Lomond became a lively market in Investment Trusts, rising 11 to 117p on the proposed scrip-issue and reorganisation plans. Far-eastern influences prompted firmness in Japanese issues including Crescent Japan, which jumped 14 to 732p, Fleming Japanese, 15 higher at 463p, and Drayton Japan, 8 dearer at 359p. Baillie Gifford Japan improved 8 to 243p and GT Japan 6 to 149p.

Shell decline

A firm opening in Oils quickly foundered and the leaders retreated to close with widespread losses. Shell were notably vulnerable and gave up 13 at 645p ahead of the preliminary figures, expected next week, while Britoil, due to announce full-year results on March 23, dipped 9 to 243p. BP touched 445p initially but fell away to close a net 5 lower at 435p, while Ultramar, due to report full-year figures tomorrow week, gave up a like amount at 685p.

Irish exploration issues got off to a relatively steady start but encountered nervous selling around midday following the suspension of a two-man Irish broking firm. Atlantic dropped to 425p before rallying strongly to close 30 down on balance at 470p, while Aran recovered from 58p to end the day 2 off at 65p. Bula closed 3 cheaper at 26p.

Mining markets enjoyed a day of active trading and strong gains across the board as metal prices responded positively to the latest developments in the Iran/Iraq conflict.

Gold shares, both South African and Australians, resumed their recent upsurge, with the latter particularly firm in the wake of favourable weekend Press comment and a confident performance by the bullion price which rose to around $408 an ounce before easing to close $6.5 higher at $405.75—its best closing level since late September last year.

Among the leading "down-under" golds Gold Mines of Kalgoorlie jumped 60 to 740p, while Poseidon rose 32 to 330p and Central Norseman 25 to 443p. North Kalgurli put on 3 to 84p, while second-line and speculative stocks continued to attract strong support. Whim Creek added 5 at 250p, Emperor advanced 15 to a 1983-84 high of 265p and Samantha moved up 4 to 45p.

Leading Australian diversified issues staged a strong recovery after the recent setback. Western Mining, a substantial gold producer, moved up 8 to 262p, while CRA rallied 14 to 344p. Peko-Wallsend a like amount to 364p and MIM Holdings 5 to 220p.

South African Golds raced ahead from the outset. London, Continental and Johannesburg buying interest boosted prices across the board, but the market tended to run out of steam in after-hours' trading as New York operators sold stock.

Nevertheless, closing levels were sufficiently good to produce a 31.2 jump to 704.7 in the Gold Mines index—its best level since February 1983.

Leading heavyweights were highlighted by Hartebeest and Randfontein, which rose more than £3 apiece to £58¾ and £110¾ respectively. Rises in excess of a point were common to Winkelhaak, £39¾, Doornfontein, £19¾, and Kloof, £38. Harmony put on ¾ to £17 ahead of the interim dividend, expected on Thursday.

Financials moved similarly to Golds. South Africa's Gencor featured with a £1½ jump to a 1983-84 high of £17½ following the full-year figures, which included an increased final dividend. De Beers rose 5 to 608p in front of the 1983 results.

Johnnies were well supported and put on £3 to a year's high of £98, while East Rand Consolidated hardened ½ to a 1983-84 best of 32p following figures.

London Financials made good progress, Gold Fields edging 7 higher to 607p in front of today's interim results.

Interest in Traded Options was at a low ebb. Total contracts completed amounted to a meagre 2,575, comprising 1,874 calls and 701 puts.

FINANCIAL TIMES STOCK INDICES

	Mar. 5	Mar. 2	March 1	Feb. 29	Feb. 28	Feb. 27	year ago
Government Secs	83.33	83.12	82.87	82.64	82.72	82.49	80.76
Fixed Interest	86.91	86.61	86.60	86.53	86.85	86.81	81.88
Industrial Ord.	832.6	838.9	828.3	819.8	819.1	819.1	666.1
Gold Mines	704.7	673.5	672.3	665.3	672.2	652.5	599.8
Ord. Div. Yield	4.42	4.39	4.46	4.51	4.60	4.59	4.62
Earnings, Yld.% (full)	9.49	9.42	9.56	9.69	9.80	9.79	10.15
P/E Ratio (net) (*)	12.75	12.85	12.64	12.48	12.35	12.37	11.53
Total bargains	23,210	24,635	21,929	25,095	23,675	27,000	24,491
Equity turnover £m.	—	321.73	296.52	217.44	235.55	274.93	218.17
Equity bargains	—	18,799	18,220	16,851	18,267	21,974	20,563
Shares traded mln.	—	164.6	160.7	127.0	155.5	171.6	132.0

10 am 842.0. 11 am 839.7. Noon 839.0. 1 pm 836.8. 2 pm 836.0. 3 pm 835.6.

Basis 100 Govt. Secs. 8/1/56. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/55. SE Activity 1974.

Latest index 01-246 8026. *Nil=11.96. †Corrected.

HIGHS AND LOWS / S.E. ACTIVITY

	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (8/1/84)	77.00 (24/1/83)	127.4 (9/1/56)	49.18 (3/1/75)
Fixed Int.	87.47 (30/1/84)	79.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	840.5 (25/1/84)	598.4 (12/1/83)	840.5 (25/1/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/83)	444.6 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

— Daily	Mar. 2	Mar. 1
Gilt Edged Bargains	198.4	193.8
Equities Bargains	121.8	118.0
Equities Value	650.3	599.3
5-day Average Gilt Edged Bargains	190.1	187.7
Equities Bargains	122.0	128.5
Equities Value	544.2	553.6

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Resources	470	−30
Barclays Bank	522	+2
Blue Circle	442	+7
BP	435	−5
Gestetner A N/V	93	−10
Ibstock Johnsen	211	+1
ICI	588	−4
Jessups	43	+6
Novo Ind B	£188	+2
Pearl Assurance	778	−12
Shell Transport	645	−13

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
BSR Intl	24	253	+18
App Computer†	16	148pm	−32
Emray	16	18	+3¼
Midland Bank	16	385	+3
RTZ	16	662	+18
Shell Trans	16	658	+16
Brit Aerospace	15	230	−12
Lonrho	15	147	+6
Royal Insce	15	540	+20
Hanson Tst N	14	186	+8½
Suter	14	148	+15
Thorn EMI	14	645	+15
Glaxo	13	795	+30
ICI	13	592	+8

† Nil-paid

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ■ Allotment letters (or fully-paid). * Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar 5	Mar 16	June 14	June 25
Mar 19	Mar 30	June 28	July 9
Apr 2	Apr 13	July 12	July 23

For rate indications see end of Share Information Service

Stocks to attract money for the call included Brunswick Oil, Selincourt, Headlam Sims and Coggins, Churchill, Unilever, Hollis Bros., Wellman Engineering, Polly Peck, Hawley, Geers Gross, Kwik-Fit, Cape Industries, Jenks and Cattell, Planet Group, United Parcels, Aberfoyle, Armstrong Equipment, Hanson Trust, J. Finlan, Mersey Docks, Legal and General, Dufay, Emray, V. W. Thermax, Crouch Group, Wm. Leech, D. Macpherson, C. H. Bailey, Lofs, GKN, Grovebell and Audiotronic. Puts were arranged in Brunswick Oil, Fleet Holdings and Legal and General, while Amalgamated Estates were dealt in for the double.

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (149)

BRITISH FUNDS (11), INT. BK. & O'SEAS GOVT. STLG. ISS. (7), CORPORATION LOANS (2), FOREIGN BONDS (1), AMERICANS (1), BANKS (1), BREWERS (2), BUILDINGS (3), CHEMICALS (1), STORES (2), ELECTRICALS (14), ENGINEERING (6), FOODS (3), HOTELS (1), INDUSTRIALS (18), INSURANCE (1), LEISURE (2), MOTORS (1), NEWSPAPERS (1), PAPER (4), PROPERTY (6), SHOES (1), TEXTILES (1), TRUSTS (16), OILS (6), PLANTATIONS (2), MINES (12)

NEW LOWS (4)

CANADIANS (1) Gulf Can.
BUILDINGS (1) Manders
ELECTRICALS (2) Telefusion, Telefusion A N/V

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	61	8	35
Corpns. Dom. and Foreign Bonds	35	2	41
Industrials	344	228	842
Financial and Props.	139	95	271
Oils	35	18	55
Plantations	6	3	12
Mines	118	5	50
Others	79	30	66
Totals	877	383	1,372

FT - SE 100 INDEX

Close	1053.7 (−7.0)
Day's high	(—)
Day's low	1053.7

(Base value=1000 January 3 1984)

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST

[illegible]

AVERAGE GROSS REDEMPTION YIELDS

[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS 18,638

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

[illegible]

Mar. 5. Total Contracts 2,575. Calls 1,874. Puts 701.

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
104¼	100⅝	Exchequer 14pc 1984	100¾	−⅛	13.86	9.06
98⅛	92½	Exch. 3pc 1984	98	+⅛	3.05	9.09
102	100	Treasury 12pc 1984	101⅝xd	+⅛	11.80	8.92
107	104	Treasury 15pc 1985	105¼	.....	14.25	9.14
107	101	Exch. 12pc Cnv. '85	102xd	+⅛	11.68	9.26
94⅝	88⅝	Treasury 3pc 1985	93⅞	+⅛	3.20	8.52
102½	99⅞	Treasury 11½pc 1985	102	.....	11.23	9.52
102	95	Treas 8¼pc Cnv '85	99	.....	8.83	9.41
104	100¼	Exch. 12¼pc 1985	104	.....	11.78	9.60
103⅝	99	Exch. 11¼pc '86	103⅝	+⅛	11.33	9.67
102¼	97¼	Treas 10pc Cnv 1986	101xd	+⅛	9.83	9.12
90¼	85⅝	Treasury 3pc 1986	88	+⅛	3.38	8.81
101	97	Exch. 10½pc Cv '86	101¼	.....	10.32	9.58
104	100	Treasury 12pc '86	104	+⅛	10.53	9.95
98¼	94⅝	Treasury 8¼pc '84-86‡‡	97¼	+⅛	8.69	9.58
109	105	Exch. 14pc 1986	108½	+⅛	12.90	10.21
87⅛	84½	Exch 2½pc 1986	85	+⅛	2.92	8.56
107¾	103⅝	Exch. 13¼pc 1987	107⅝	+⅛	12.33	10.20
100⅝	95⅞	Treas 10¼pc Cnv '87	100⅝	+⅛	10.18	9.98
86⅛	80¼	Exchequer 2½pc 1987	84	+⅛	2.97	8.69
100⅞	95⅞	Exch. 10½pc 1987	100⅞xd	.....	10.40	10.17
93¾	88⅛	Funding 6½pc '85-87‡‡	91⅛	+¼	7.12	9.78
99	96	Treas 10pc 1987	99	.....	10.06	10.18
86	80¼	Treasury 3pc 1987	82	+⅛	3.62	9.04
104⅝	99⅞	Treas 12pc 1987	104½	.....	11.48	10.46
94⅞	89⅞	Treasury 7¾pc '85-88‡‡	95⅝	+½	8.27	9.82
101½	95½	Exch 10½pc '88	100½	.....	10.44	10.33
98⅛	95	Treas 9¾pc Conv '88	98	.....	9.92	10.26
82	75¾	Transport 3pc '78-88	80½	+⅛	3.72	8.48
96⅛	90¾	Treas. 9½pc '88	96½	+⅛	9.84	10.45
106¼	95¼	Treasury 11½pc 1989	103⅝	−⅛	11.10	10.53

Five to Fifteen Years

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103	94⅛	Treas 10½pc 1989	102¼	+⅛	10.51	10.52
99⅝	96⅛	Exch 10pc 1989	99⅞	−¼	10.28	10.53
—	—	Do 10pc '89 A (£40pd)	£98	.....	—	—
85⅛	76	Treasury 5pc '86-89	83⅞	.....	6.10	9.19
114	103	Treasury 13pc 1990‡‡	111½	+⅛	11.85	10.71
110⅞	100⅞	Exch. 12½pc 1990	107½xd	+⅛	11.57	10.67
93¼	86¼	Treasury 8¼pc '87-90‡‡	91⅝	+⅛	9.19	10.50
67⅛	65	Treas. 10pc Cv '90 (£65pd)	67	−⅛	10.26	10.54
106¼	97	Treasury 11¾pc 1991	106	.....	11.28	10.85
84⅛	74⅞	Funding 5¾pc '87-91‡‡	80½xd	.....	7.10	9.51
105⅞	95⅞	Exch. 11pc 1991	105¼	−⅛	10.87	10.74
114⅝	102	Treasury 12¾pc '92‡‡	111⅛	.....	11.61	10.85
100⅝	88¾	Treasury 10pc 1992	97¾	.....	10.27	10.49
111⅛	98½	Exch. 12¼pc '92	107⅝	.....	11.42	10.91
117	106½	Exchequer 13½pc '92	113xd	+¼	11.88	11.00

Over Fifteen Years

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
116¼	103¾	Exch. 12¼pc 1999	110⅞xd	.....	10.98	10.70
104¼	92¼	Treasury 10½pc 1999	103⅜	+⅛	10.47	10.46
101½	98	Convers'n 10¼pc 1999	101½	+¼	10.40	10.43
124¼	106	Treas. 13pc 2000	120½	+⅜	10.96	10.57
128⅞	113¾	Treas. 14pc '98-01	127½	+⅛	11.34	10.73
126⅝	99¼	Exch. 12pc '99-02	112⅛	+¼	10.89	10.55
130	111	Treas. 13¾pc 2000-03	125½	+¼	11.09	10.63
114⅞	99⅛	Treasury 11½pc '01-04	110xd	+⅛	10.42	10.20
50⅝	43½	Funding 3½pc '99-04	49½	.....	7.14	9.01
122⅞	106½	Treasury 12½pc '03-05	122⅝	+⅜	10.50	10.23
87½	77¼	Treasury 8pc '02-06‡‡	83⅝xd	+⅛	9.49	9.74
117⅝	99	Treasury 11¾pc 03-07	114¾	+½	10.37	10.14
132⅛	115	Treas. 13½pc '04-08	126¼xd	+⅝	10.59	10.25
65½	53¾	Treasury 5½pc '08-12‡‡	61¼xd	.....	8.90	9.36
87⅛	71⅞	Treasury 7¾pc '12-15‡‡	83	+⅛	9.43	9.55
123½	106¼	Exch. 12pc '13-'17	123⅜	+¼	9.95	9.84

Undated

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
42	35¼	Consols 4pc	40⅝	+⅛	9.94	—
37½	31¼	War Loan 3½pc‡‡	37	+⅛	9.70	—
47¼	37½	Conv. 3½pc '61 Aft.	43⅝xd	+⅛	8.02	—
32	28¼	Treasury 3pc 66 Aft	30¼xd	.....	9.84	—
25⅞	22¼	Consols 2½pc	25¼xd	.....	9.82	—
26	22⅛	Treasury 2½pc	25xd	.....	9.93	

Index-Linked

1983-84 High	Low	Stock (b)	Price £	+ or −	(1)	(2)
106	98⅞	Tr. 2pc '88 (297.1)	102⅝xd	.....	3.57	4.37
91⅛	88⅞	Do. 2pc '90 (333.9)	88⅞	.....	[illegible]	4.2
111¾	99⅞	Do. 2pc '96 (267.9)	102⅞xd	.....	3.48	
100	91½	Do. 2½pc '99 (322.9)	96½	.....	2.86	3.11
103⅞	93¼	Do. 2½pc '01 (308.8)	93⅝xd	.....	3.30	3.53
95¼	91¼	Do. 2½pc '03 (310.7)	93¾	−⅛	3.27	3.48
107½	94¼	Do. 2pc '06 (274.1)	96⅞	−⅛	3.15	3.33
104½	91¾	Do. 2½pc '09 (310.7)	93⅜	.....	3.15	3.32
109½	98⅛	Do. 2½pc '11 (294.1)	98⅜xd	.....	3.09	3.25
100¼	88¼	Do. 2½pc '16 (322.0)	89¾	.....	3.04	3.19
92⅛	89¼	Do. 2½pc '20 (327.3)	89¼	.....	2.96	3.10

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Bracketed figures show R.P.I. base month for indexing, i.e. 8 months prior to issue. R.P.I. for January 1984: 342.6

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
121½	102½	Australia 13½pc 2010	118¼	+½	11.55	11.45
102⅝	96½	Do 11½pc Ln 2015	102⅝	+⅝	11.25	11.23
101½	85	Euro Inv Bk 11pc Ln 2002	98xd	+⅜	11.17	11.18
108¼	103½	Finland 14½pc Ln 1986	108¼	+¼	13.39	10.26
108⅞	90⅛	Int-Am Dev Bk 12½pc 2003	106¼	+¼	11.76	11.66
106¼	105¼	Int. Bank 13½pc 1986	106½	+⅛	12.68	10.17

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
77½	71¼	Agric. Mt. 5pc '59-89	76	.....	6.65	11.30
37¾	31¼	Met. Wtr. 3pc 'B'	36¼	.....	8.27	11.11

Financial

1983-84 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99	92	Inv in Ind 6¼pc Db '81-'84	99	.....	6.45	11.30
106½	96¼	Do. 10½pc Un Ln '86	101¼	+½	10.56	10.80
104	96½	Do. 11pc Uns. Ln. '88	102½	+½	10.95	10.80
105	97½	Do. 11¾pc Uns. Ln. '90	105	+¼	11.42	11.10
109	91½	Do. 12½pc Un. Ln. 1992	104½xd	+1½	11.96	11.60
81½	74½	Do. 7¼pc A Deb '89-92	80¼	+¼	9.29	11.30
81	70½	Do. 7¼pc A Deb. '91-94	76¼xd	+¼	9.51	11.10
91½	80½	Do. 9% A '91-'94	88xd	+1½	10.23	10.95
90	72	Do. 8⅞pc Ln. '92-97	86½xd	+½	10.26	10.78

FOREIGN BONDS & RAILS

1983-84 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
15	8	Chinese 4½pc 1898	13	.....	—	—
11	10	Do. 5pc 1912	11	.....	—	—
11	8	Do. 5pc 1913	9	.....	—	—
9½	5½	Do. 5pc '25 Boxer	7½	.....	—	—
52	40	Greek 7pc Ass.	52	.....	3.50	f6.87
50	41	Do. 6pc 28 Stb. Ass.	50	.....	3	f6.02
46	38	Do 4pc Mixed Ass.	46	.....	2	p4.38
52	27	Hung. '24 Ass	52	.....	2.75	f5.50
124½	102½	Hydro Quebec 15pc Ln 2011	124½	.....	15	12.34
82	75	Iceland 6½pc '83-88	80	.....	6.5	12.60
113	94½	Do. 14½pc Ln. 2016	113	+1½	14.5	12.96
90¼	78¾	Ireland 9¾% '91-'96	87¼xd	+½	9.75	11.61
307	275	Japan 4pc '10 Ass	305	.....	—	—
93	81½	Do. 6pc '83-88	84	.....	6	11.20
161	161	Peru Ass. 2007	161	.....	5.22	f3.29
592	575	Turin 9pc 1991	592	.....	9	f9.78
DM95	DM88	Turin 6½pc 1984	DM95	.....	6.5	13.90

AMERICANS

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY—Continued

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

PROPERTY

INVESTMENT TRUSTS-Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	17½	+1	—	—	—
52	28	♥Allstate Expl. NL	35	.....	—	—	—
10½	3¾	♥Asia Oil & Mins.	4¼	.....	—	—	—
19	17	♥Aust. Hydrocarbons N.L.	18	.....	—	—	—
40	9	♥Australis Mng. NL	27½	+1½	—	—	—
35	11	♥Balmoral Res.	32	+1	—	—	—
60	29	♥Black Hill Mins.	36	+2	—	—	—
104	51	♥Bond Corp.	97	+1	Q10c	0.7	7.0
183	116	♥Bougainville 1 Kina	161	+4	Q15.56c	ϕ	6.6
396	204	♥CRA $2	344	+14	Q12c	ϕ	2.3
145	60	♥Carr Boyd 20c	86	+4	—	—	—
44	25	♥Central Kalgoorlie	35	.....	—	—	—
43	18	♥Central Pacific	23	+1	—	—	—
9	2¾	♥Con Gold Mng Areas.	4	+½	—	—	—
17	5	♥Coopers Res N.L.	7	.....	—	—	—
255	183	♥Crusader Oil	208	+6	—	—	—
28½	8	♥Cultus Pac NL	13	+1	—	—	—
19	7	♥Eagle Corp 10c	9	+½	—	—	—
265	96	♥Emperor Mines	265	+15	—	—	—
16½	8	♥Endeavour 20c	12½	.....	—	—	—
58	17	♥Enterprise Gld Mines	30	+2	—	—	—
810	500	♥GM Kalgoorlie 25c.	740	+60	hQ10c	ϕ	0.9
24½	6	♥Grt. Eastern Mines	23	+1	—	—	—
36	9	♥Great Victoria Gold	36	+3	—	—	—
32	15½	♥Haoma NW	20	+1	—	—	—
92	26	♥Hill Minerals N.L.	35	.....	—	—	—
41	13	♥Intnl Mining	19	.....	—	—	—
20	5	♥Ivanhoe Gld. N.L.	9	+¼	—	—	—
100	25	♥Jingellic Minerals.	32	.....	—	—	—
42	15	♥Kalbara Min 20c	18	+1	—	—	—
36	9	♥Keywest Invs.	32	.....	—	—	—
12½	9¾	♥Kia Ora Gold N.L.	12	+¼	—	—	—
134	54	♥Kitchener NL 25c	106	+4	—	—	—
180	50	♥Meekatharra 25c.	50	.....	—	—	—
58	24	♥Metals Ex 50c.	48	+3	n—	—	—
200	22	♥Metana Minerals N.L.	192	+18	—	—	—
52	23	♥Metramar Mins 20c	36	.....	—	—	—
279	210	♥MIM Hldgs 50c.	220	+5	Q5c	1.5	1.5
16	5	♥Mincorp 20c	12½	.....	—	—	—
8	3	♥Minefields Expl 25c	4½	.....	—	—	—
46	23	♥Newmetal 20c	34	.....	—	—	—
*213	128	♥North B Hill 50c	170	+4	†Q8c	1.4	3.1
90	38	Nth. Kalgurli	84	+3	—	—	—
86	52	♥Oakbridge 50c.	55	+2	‡Q7c	1.5	‡
57	23	♥Otter Expl'n NL	45	+1½	—	—	—
150	64	♥Pancont'l 25c	70	.....	n—	—	—
9½	4	♥Pan Pacific Pet NL	7½	.....	—	—	—
75	35	Paringa Mng & Expln 5p	62	+2	—	—	—
456	300	♥Peko-Wallsend 50c	364	+14	GQ5c	0.2	0.9
15½	6	♥Pelsart Res NL	13	+½	—	—	—
298	172	♥Renison 50c	215	+3	Q10c	0.1	3.1
270	135	♥Do Defd	202	−3	—	—	—
83	20	♥Samantha Expl'n NL	45	+4	n—	—	—
52	21	♥Samson Expl'n NL	30	+2	—	—	—
82	49	♥Seltrust 50c	62	.....	—	—	—
58	24	♥Sons of Gwalia N.L.	42	+2	—	—	—
27	11	♥Sthn. Goldfields	21	+2	—	—	—
19	7	♥Southern Pacific	10	.....	—	—	—
133	50	♥Southern Res.	117	+2	—	—	—
14	6	♥Southern Venture 25c	7½	+¼	ϕ	—	—
50	17	♥Swan Res 20c	17	.....	—	—	—
110	60	♥Tunax Res N.L.	60	.....	—	—	—
58	31	♥United Goldfields	39	.....	—	—	—
24	5	♥West Coast 25c	9½	.....	—	—	—
38	8½	♥Western Cont. 50c	13½	.....	—	—	—
286	168	Westn Mining 50c.	262	+8	†Q2c	7.6	0.5
272	53	♥Whim Creek 20c	250	+8	—	—	—
47	7	♥Windsor Res. NL	21	.....	—	—	—
37	8	♥York Resources.	18	.....	—	—	—

Tins

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
245	175	Ayer Hitam $M1	217	−3	vQ85c	1.0	11.8
187	83	Geevor	153	−2	24.0	—	3.7
18	10	Gold & Base 12½p	10½	.....	—	—	—
435	290	Gopeng Cons.	400	.....	ϕ4.0	5.0	1.4
600	525	Hongkong	575	.....	—	—	—
21	13	Jantar 12½p	18	.....	1.5	0.2	11.9
270	100	Kamunting $M0.50	195	.....	hQ27½c	0.8	4.2
96	56	Malaysia Mng. 10c	64	+1	‡vQ11c	0.9	‡
57	28	♥Pahang	45	.....	B—	—	—
500	325	Pengkalen 10p	500	.....	1.0	—	0.3
330	225	Petaling $M1	300	.....	vQ130c	ϕ	12.1
260	185	Sungei Besi $M1	260	.....	‡vQ185c	1.1	‡
68	40	♥Supreme Corp M$1	60	.....	vQ3¼c	ϕ	1.9
325	93	Tanjong 15p	260	.....	g3.5	—	1.9
210	60	♥Tongkah H. Tin $M1	210ρ	.....	vQ5c	1.6	0.7
300	190	Tronoh $M1	250	.....	vQ90c	1.1	10.8

Miscellaneous

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	15	♥Admiral Mines	16	−2	—	—	—
90	34	♥Anglo-Dominion	67	.....	—	—	—
93	58	♥Anglo Utd. Dev.	58	−2	—	—	—
400	180	♥Centennial Minerals	325	+8	—	—	—
175	60	♥Colby Res Corp.	170	+10	—	—	—
850	315	Cons. Murch. 10c.	830	+30	100c	ϕ	7.1
£19	£10¾	Eastern Trans Cons 50c	£19	+1	Q85c	4.9	2.2
240	170	Hampton Areas 10p	230	+5	3.75	2.1	2.2
215	103	♥Highwood Res.	190	+10	—	—	—
£24½	£17½	Homestake Mining $1	£23½	+½	Q20c	—	0.6
495	275	Northgate C$1	325	+5	—	—	—
687	437	R.T.Z.	665	+3	17.0	2.9	3.6
£148½	£108	Do. 9¾% Cv. Ln. 95-2000	£144½	+3½	Q9½%	32.5	6.7
190	13	♥Sabina Inds C$1	90	.....	—	—	—
£11¼	312	♥Tara Expln. $1	975	+15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, ... all; ◆ ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	76	.....	Fin. 13% 97/02	£91½	.....
Craig & Rose £1	900	.....	Alliance Gas	72	.....
Finlay Pkg. 5p	47	.....	Arnott	217	.....
Higsons Brew.	102	.....	CPI Hldgs.	82	.....
Holt (Jos) 25p	890	.....	Carrol Inds.	120	.....
I.O.M. Stm. £1	130	+3	Hall (R. & H.)	58	.....
			Heiton Hldgs.	21	.....
			Irish Ropes	53	.....
IRISH			Jacob (W. & R.)	65	.....
Exch. 12% 1985	£99	.....	T.M.G.	60	.....
Nat 9¾% 84/89	£87½	+¼	Unidare	75	.....

For Bridgewater see Property

OPTIONS

3-month Call Rates

Industrials		House of Fraser	21	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	35
BOC Grp.	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	28	Lex Service	35	Land Sec.	34
Blue Circle	40	Lloyds Bank	50	MEPC	24
Boots	17	"Lots"	3	Peachey	17
Bowaters	22	London Brick	10	Samuel Props.	12
Brit. Aerospace	19	Lucas Inds.	16	Sterling Guar.	4
B.A.T.	14	"Mams"	12		
Brown (J.)	3	Mrks. & Spncr.	20		
Burton Ord.	38	Midland Bank	42	**Oils**	
Cadburys	11	N.E.I.	10	Bristol Oil & Min.	6
Courtaulds	11	Nat. West. Bank	55	Brit. Petroleum	35
Debenhams	14	P. & O. Dfd.	22	Burmah Oil	16
Distillers	20	Plessey	20	Charterhall	8
Dunlop	5	Racal Elect.	18	Premier	5
Eagle Star	60	R.H.M.	7	Shell	50
F.N.F.C.	6½	Rank Org. Ord.	19	Tricentrol	20
Gen. Accident	42	Reed Intnl.	34	Ultramar	60
Gen. Electric	17	Sears	8		
Glaxo	75	T.I.	24		
Grand Met.	30	Tesco	16	**Mines**	
G.U.S. 'A'	55	Thorn EMI	55	Charter Cons.	22
Guardian	45	Trusthouse	16	Cons. Gold	50
G.K.N.	16	Turner & Newall	8	Lonrho	8
Hawker Sidd.	32	Unilever	75	Rio T. Zinc	58

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Insurances—continued

Commercial Union Group

St Helens, 1 Undershaft, EC3. 01-283 7500

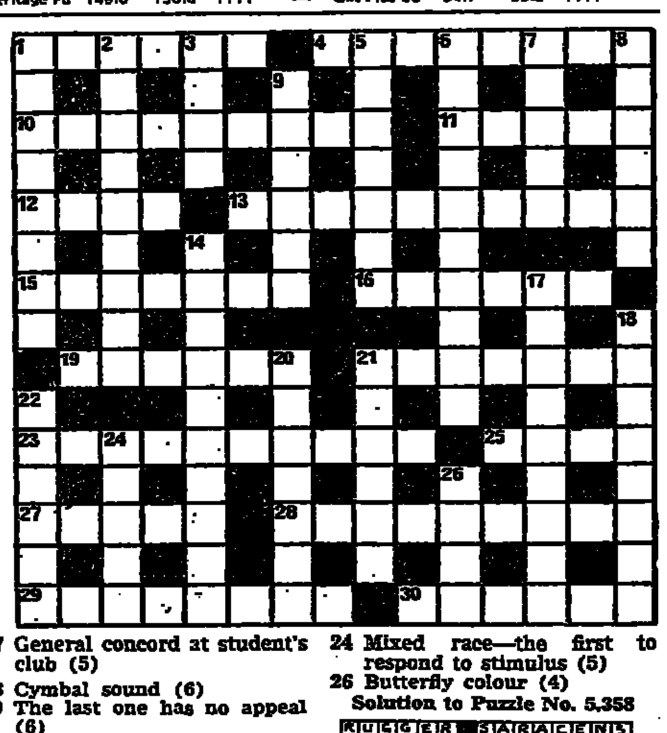
VarAnMar9	—	34.44	....	—
VarAnAccUts	—	158.39	....	—
Prime Series—Life				
Managed	135.4	142.6	+1.7	—
UK Equity	140.4	147.8	+0.8	—

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,359



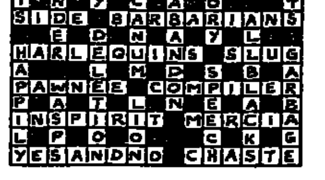
ACROSS

1 Thanks to poet herald has coat (6)
4 Eskimo dog—is he silent? (8)
10 Soldier about to return to vessel (9)
11 Many a member to get rise (5)
12 Underground fault found in orchestra pit (4)
13 Study chemistry for example—it's in the mind (10)
15 Sweet affectionate worker (7)
16 Morning exam has no virtue (6)
19 Hurry—there's a way to make a living (6)
21 They write scores (7)
23 Occasional reading? (10)
25 Dread "the parent of cruelty" (4)
27 Raccoon comes across grain in Herm perhaps (5)
28 Having posed, upper class accept beginner as attendant (9)
29 Once waited upon by Procrustes? (8)
30 A bond of 7 (6)

DOWN

1 One working for sheriff gives advice to employees (8)
2 "O—the pride of the ocean" (David Taylor Shaw) (9)
3 Starts riding on another nag (4)
5 A satire composed for closure of passage (7)
6 Whereat one of 21 across may sit (10)
7 General concord at student's club (5)
8 Cymbal sound (6)
9 The last one has no appeal (6)
14 Scot converted Laodicean with bearing (10)
17 Move slowly to the edge in the Lake District (9)
18 Rapacious single nurse maybe in film (8)
20 New version about one's girl (7)
21 Not at ease, worker goes in shed (6)
22 Gamble that is made with coins (6)
24 Mixed race—the first to respond to stimulus (5)
26 Butterfly colour (4)

Solution to Puzzle No. 5,358



INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd	—	240 57		
Managed Inv. Fd	167 90	176 74		
Property Fd	153 56	161 65		
Fixed Interest Fd	149 37	157 03		
Cash Fd	138 42	145 71		
Income Fd	195 19	205 47		
Extra Income Fd	189 30	199 30		
Worldwide Growth Fd	222 77	234 50		
Balanced Fd	191 43	201 51		
Smlr Co's & Recy. Fd	226 65	238 58		
Int. Technology Fd	250 17	263 34		
Nth Amer. & Gen. Fd	143 51	151 57		
Energy Int. Fd	106 85	112 48		
Pacific Basin Fund	152 51	160 55		

British National Life Assurance Co. Ltd.
Haywards Rd, Haywards Heath. 0444 414111

Managed	117.6	123.7		
Property	121.2	127.6		
Equity	127.2	133.9		
International	128.0	134.8		
Fixed Interest	106.2	110.7		
Deposit	101.3	106.6		
Managed Pen. Cap.	117.0	125.1		
Property Pens. Cap.	122.2	128.6		
Equity Pens. Cap.	121.6	128.3		
Intnl. Pens. Cap.	131.0	137.9		
Fixed Int. Pens. Cap.	102.0	107.3		
Deposit Pens. Cap.	98.4	105.6		

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	123.0	129.5	+0.5	
GT Pln High Yld Fnd	131.1	138.0		
GT Plan Far East Fnd	127.8	134.6		
GT Plan N. Am Fd	125.5	132.2		
GT Pln UK&G E. Fnd	150.0	157.9		
GT Pln Wrldwde Fnd	144.7	152.4		
GT Pension Bnd Fnd	134.5	141.6	+0.7	
GT Pen High Yld Fd	151.9	159.9		
GT Pen Far East Fd	158.4	166.8		
GT Pen N. Am. Fd	176.1	185.4		
GT Pen UK & G.E. Fd	174.0	183.2		
GT Pen Worldwide Fd	155.2	163.4		

Prices for Accum. Unit. only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY 01-488 0733

Inl. Managed Bond	170.6	179.6		—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		259.7		—
Portfolio Fd. Int.		211.2		—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd, B'mouth. 0202 767655

Managed Fd	279.5	294.5		—
Money Fd	157.8	164.1		—
Equity Fd	231.0	243.4		—
Fixed Int. Fd	120.0	126.5		—
Property Fd	176.2	185.7		—
Managed Pen. Fd	272.5	287.3		—

Lloyds Life Assurance—cont.
Garlmore Funds—Series A

American Feb 28	153.6	161.7		
Australian Feb 28	115.1	121.2		
British Feb 28	140.1	147.5		
Commodity Feb 28	137.7	145.0		
Extra Inc Feb 28	132.1	139.1		
Far Eastern Feb 28	127.1	133.8		
Gilt Feb 28	104.7	110.3		
Global Strat Feb 28	186.2	196.0		
Gold Share Feb 28	86.7	91.3		
High Inc Feb 28	136.4	143.6		
Income Feb 28	167.9	176.8		
Japan Feb 28	180.9	190.5		
Oil & Energy Feb 28	124.7	131.3		
Special Sits Feb 28	149.7	157.6		
UK Smlr Cos Feb 28	142.4	149.9		
Man Gwt Feb 28	168.0	168.5		

London A'deen & Nthn. Mtl. Ass.
129 Kingsway, London, WC2B 6NF.

'Asset Builder'	67.6	71.6		

London Indemnity & Gnl. Ins.
18-20, The Forbury, Reading

OFFSHORE AND OVERSEAS

WestAven Secs (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963

Gilt & Option Fd	£1.18	1.23xd		2.50
US $ Option	$0.84	0.89		—

World Wide Growth Managementφ
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.64			—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas, IoM 0624 25015

Wren Com. Fund	24.1	25.1		—
Chinese Fund	61.9	64.4		—
Precious Metal Fund	145.3	151.0		—
Vanguard Cmdy. Fd	35.5	36.5		—
Financial Futures Fd	63.5	66.2		—
Wren Intl. Fnd.*	$0.844	0.879		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

LME copper prices rise

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER prices advanced on the London Metal Exchange yesterday following a rise in the gold price and a fifth successive fall in warehouse stocks.

The drop of 4,550 tonnes in copper stocks held in LME warehouses last week cut total holdings to 377,925 tonnes—the lowest level since September last year and a fall of more than 58,000 tonnes since the five-year peak reached in January.

Several U.S. copper producers announced increases in their domestic selling prices of 1 cent to 70 cents a lb. The three months higher grade quotation on the LME closed £10 up at £1,014.25 a tonne, but eased to £1,010 in after-hours dealings.

A fall of 1,700 tonnes in warehouse stocks of lead cut total holdings to 159,675 tonnes—the lowest level since April last year. Lead stocks have been declining steadily since the record of 218,125 tonnes reached last October. The three months quotation yesterday broke through £300, closing £10.5 up at £303.75 a tonne, encouraged by the firmer trend in copper and gold.

Tin stocks were also down by 1,900 to 34,525 tonnes and LME silver holdings by 20,000 to 47,904,000 ounces.

Aluminium values gained ground, wit hthe three months quotation closing £15.25 higher at £1,020.75 a tonne, in spite of warehouse stocks rising by 675 to 206,650 tonnes, reversing the recent steady decline in LME holdings.

However, nickel eased following another increase in stocks of 282 tonnes, taking total holdings to a record level of 32,664 tonnes. Inco of Canada announce dthat it is planning a four-week shutdown of its big Port Colborne refinery, starting June 4. This is in addition to the previously attached four-week closure for holidays in July.

The weaker dollar brought another rise in gold, bringing it above the $400 mark. The bullion spot price closed up $6.5 at $407.75 an ounce.

However, Degussa, West German dealers, claimed in its latest market report, out yesterday, that the firmer tone in precious metals recently should not be interpreted as a sign of a clear turnaround in the market.

The report said it is uncertain whether turnover will pick up in line with prices or if industrial demand will show a lasting revival.

Death toll climbs in fowl pest outbreak

By Our Commodities Staff

THE TOLL in the outbreak of fowl pest climbed again yesterday with confirmation that the disease had been identified in two domestic flocks owned by workers at the Shropshire poultry farm where it was first detected a week ago.

About 230 hens are affected in the two flocks, which are both within the disease control area declared on January 28.

These were the third and fourth outbreaks within the space of a week. The second, in a flock near Thirsk, North Yorkshire, was confirmed last Friday.

Scientists investigating the reappearance of the disease after a 6-year break have so far established no link between the Shropshire and Yorkshire outbreaks.

● TEA prices at the London weekly auctions yesterday showed only marginal changes. Average quotations for quality teas were up by 2p to 302p a kilo and low medium by 2p to 224p. However, medium quality teas were 4p down at 234p. Brokers said the market was continuing to consolidate in a narrow range.

● MR M. J. BEALE, managing director of Amalgamated Metal Trading, and Mr P. J. Jevons have joined the board of the London Metal Exchange. Mr P. G. Smith is to retire from the chairmanship after the annual meeting on May 22. He will be succeeded by Mr J. K. Lion, senior partner of Philipp and Lion, with Mr R. D. Gee, a director of BICC Cables, as vice-chairman.

● KING HASSAN of Morocco said farmers will not have to pay income tax until the year 2000 to help lighten the burden of the drought on the rural population.

Crisis of confidence in Kuala Lumpur

Wong Sulong reports on a rash of speculative trading

THE INABILITY of the Kuala Lumpur Commodities Exchange to curb excessive speculation appears to be the main factor behind recent disputes which have undermined confidence in the Malaysian palm oil futures market.

"The KLCE has been turned into a casino. Speculators are playing without regard to actual market conditions," a senior Malaysian official said.

"It is power play on the exchange. The gamblers appear to go for the excitement of scoring over their rivals and forget the cost of their action," he added.

The official cites a case of a prominent business who had outstanding margins of more than 45m ringgit ($19m) at one stage. This means he had bought more than R250m-worth of palm oil.

He could have made more than R30m from his positions, but when the pressure came he had to liquidate and be content with a gain of R3m.

In another case, a group of Singapore businessmen were reported to have lost at least R26m on the market.

There are cases of speculators selling and buying in volumes that far exceed the normal bounds of prudence, even when they are either unable or unprepared to provide the necessary margins.

It was such speculation that pushed the palm oil price to a record high of R3,000 per tonne on the exchange in mid-January from R1,600 in December. It fell as relentlessly as it had climbed when profit selling swept the market and the price is now around R1,350.

In the latest dispute, traders are crying foul over the decision by the Kuala Lumpur Commodities Clearing House to refuse registration of 763 contracts, each for 25 tonnes of crude palm oil.

At the same time, Sakapp Commodities is suing the clearing house for alleged breach of contract in another case.

The Palm Oil Refiners' Association of Malaysia has strongly criticised the clearing house for its refusal to register the 763 contracts, saying such action was "totally unacceptable and prejudicial to activities of the trade."

It fears that this could create a loss of confidence in the exchange which has, until now, performed remarkably well.

The trouble began early last week with the sale of 763 lots of palm oil at around R1,250 per tonne. The next day, the palm oil prices went up by R200 and a dispute arose as to whether or not the sale had been authorised.

Because of the dispute, the clearing house refused to register all the 763 contracts. Although its action was unprecedented, the clearing house maintained it was empowered to do so under rules two and six.

Rule two states the clearing house "can accept or reject ... the registration of any contract ... without assigning any reasons," while rule six states: "The clearing house shall not be obliged to register any contract unless and until it is furnished with a deposit by each of the contracting parties."

Once the clearing house has registered the contracts, it would be held responsible for their fulfilment.

The clearing house is a joint venture between the International Commodities Clearing House of London and Malaysian and foreign banks.

In the second dispute, the clearing house is being accused of treating Sakapp clients unfairly by demanding from them R20m in increased margins.

Sakapp claims that the demand for increased margins was designed to force its clients to liquidate their positions without regard to market trends, and that any demand for increased margins should apply to all commodity traders, instead of Sakapp's clients alone.

According to Malaysian officials, the excessive speculation on the exchange was also partly due to the activities of the palm oil refiners.

"Let's face it, no palm oil refiner in the country has made any money from refining in the past two years," said a senior Malaysian official. "To make ends meet, they have to resort to a bit of speculation."

There are about 50 palm oil refineries in Malaysia, but only about 30 are operating. Even these 30 are working with gross over-capacity. They can refine around 5m tonnes annually, while Malaysian palm oil production is below 3.5m tonnes.

Refiners fight each other and pay premiums for crude from growers. They also have to fight to sell the refined products in a keenly competitive overseas market.

Either way, Malaysian refiners are squeezed and the situation is unlikely to change for a long while to come.

Action group hits out at PMB proposals

"THE same old medicine at twice the price," said the Potato Growers' Action Group of new proposals from the Potato Marketing Board, outlined last week, to regulate the UK potato market.

The group, formed in 1981 following the refusal of some growers to pay the board's levy on acreage planted, claims that a potato marketing scheme makes no sense as the UK market for potatoes is no longer regulated as a result of the EEC ban on restricting imports.

The group asks in a statement why British farmers should "be restricted in the amounts they can grow when imports can enter freely; and how can the PMB hope to fix prices when they can be undercut by supplies from abroad?"

It is clear, the statement adds, that the board is proposing no more significant changes other than doubling the acreage levy

World sugar production may exceed forecast

PARIS — World sugar production in the 1984-85 season will be around 1.5 to 2m tonnes above this season's forecast 96m tonne output, the French Sugar Market Intervention Board (Firs) said in its latest monthly report, *Reuter reports.*

Firs said output is expected to rise next season as this season's crop was affected by adverse weather and none of the major exporters has apparently taken measures to restrict production.

World sugar production was 100m tonnes in 1982-83 and 1981-82.

Firs said the world sugar market in the 1983/84 season is very fragile, marked by a lack of buyers and low prices.

One of the world's principal sugar exporters, Brazil, has done nothing to help ease the situation. Brazil is the only major sugar exporter to have significantly increased its production over the last two campaigns, Firs said.

It cited West German statistician F. O. Licht's forecasts that Brazil will produce 9.46m tonnes in 1983/84 compared with 9.31m in 1982/83, 8.39m in 1981/82 and 8.55m in 1980/81.

Brazil's sugar consumption, which was rising until recently, has now decreased as domestic subsidies have been dropped, Firs said, which has led to a sharp increase in Brazil's exportable surplus.

Firs noted Brazil made massive sales in the last few months of 1983 with the stipulation that buyers took delivery before the end of December. This was to use up its 1983 International Sugar Organisation quota.

But in spite of these sales, Brazil's exportable surplus for 1984 is still considerable, Firs said.

Promise of record harvest in increased winter sowings

BY RICHARD MOONEY

A SHARP rise in winter sowings of wheat and barley recorded in the Ministry of Agriculture's December agricultural census returns is not likely to result in a significant increase in Britain's total grain acreage this year. But a record crop is still possible.

The Ministry's census found that wheat plantings by December 1 totalled 1.82m hectares, up 18.4 per cent from the same date in 1982. Barley plantings were up 12.3 per cent at 984,000 hectares.

The rises are largely explained, however, by last autumn's much improved drilling conditions. By December 1 1983 winter sowings of wheat were virtually complete but a year earlier only 90 per cent of the planned acreage had been sown.

The picture is also confused by the continuing drift towards autumn-winter sowing and away from spring sowing. This means that some of the increase in autumn/winter drillings would be cancelled out by a further reduction in the spring-sown acreage.

Nevertheless, a better harvest seems in prospect this year, unless growing conditions deteriorate badly. Early plantings and good crop development so far should pay dividends at harvest time.

Last season, in spite of late drilling and unhelpful weather in the first few months, the grain harvest was only 700,000 tonnes below the 1982 record of 21.9m tonnes. So yields would not have to very high at this harvest to establish a new record.

PRICE CHANGES

[illegible]

BRITISH COMMODITY PRICES

BASE METALS

[illegible]

NICKEL

[illegible]

COPPER

[illegible]

SILVER

[illegible]

TIN

[illegible]

COCOA

[illegible]

LEAD

[illegible]

COFFEE

[illegible]

ZINC

[illegible]

GRAINS

[illegible]

ALUMINIUM

[illegible]

COTTON

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

JUTE

[illegible]

TEA AUCTIONS

[illegible]

MEAT/FISH

[illegible]

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

[illegible]

LONDON OIL

CRUDE OIL FUTURES

[illegible]

GAS OIL FUTURES

[illegible]

SPOT PRICES

[illegible]

GOLD MARKETS

[illegible]

LONDON FUTURES

[illegible]

EUROPEAN MARKETS

[illegible]

AMERICAN MARKETS

NEW YORK

[illegible]

NEW YORK

[illegible]

CHICAGO

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Yen makes up ground

The Japanese yen and Swiss franc were the main beneficiaries from the further weakness of the dollar on the foreign exchanges yesterday. New economic statistics are due for publication this week but the dollar's fall is now simply a matter of lack of confidence, and is expected to continue as the market worries about the effect on inflation and U.S. competitiveness of a fast growing volatile economy, coupled with very large trade and budget deficits. Demand for the yen and Swiss franc was a catching up process after both currencies had been left behind in the last week or so as buying concentrated on the D-mark.

The German currency finished at its highest level since last October, but the yen was even stronger, closing in Tokyo at the highest point for two years, and in London at the best since January 1982.

The dollar touched a low of Y222.80 against the yen, and closed at Y223.60 compared with Y228 on Friday. It also fell to SwFr 2.1275 from SwFr 2.1540 against the Swiss franc; DM 2.5795 from DM 2.5835 in terms of the D-mark; and FFr 7.9325 from FFr 7.9625 against the French franc. On Bank of England figures the dollar's trade-weighted index fell to 125.1 from 125.6.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. February average 1.4409. Trade-weighted index 82.1, against 82.3 at noon, 82.1 in the morning, 82.4 at Friday's close, and 85.4 six months ago.

Sterling was rather nervous on speculation about a possible cut in clearing bank base rates. The pound rose to $1.4845-1.4855 against the weak dollar, an improvement of 40 points on the day, and also climbed to DM 3.8325 from DM 3.83, but fell to FFr 11.7750 from FFr 11.79; SwFr 3.1625 from SwFr 3.1925; and Y332.50 from Y338.

Sterling opened at $1.4900-$1.4910 in terms of the U.S. currency, and touched a peak of $1.4920-1.4930.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. February average is 2.7000. Trade-weighted index 127.9 against 125.5 six months ago.

The dollar was fixed at DM 2.5709 against the D-mark at yesterday's fixing in Frankfurt, down from Friday's fixing of DM 2.5855, and there was no intervention by the Bundesbank. This was the lowest dollar fixing since July last year. Attention focused on trading between the dollar and the yen. The yen was firmer against the dollar, continuing Friday's catching-up process.

Within the EMS the Belgian franc rose to DM 4.8840 per BFr 100 from DM 4.8830 and the French franc was higher at DM 32.445 per FFr 100 from DM 32.425. Elsewhere sterling was fixed at DM 3.8230, unchanged from Friday.

ITALIAN LIRA—Trading range against the dollar in 1983-84 is 1,720.75 to 1,343.0. February average 1,667.32. Trade weighted index 48.8 from 50.3 six months ago.

The Italian lira fell to record lows against the D-mark and Dutch guilder at yesterday's fixing in Milan. The D-mark rose to L623.62 from L623.48 and the Dutch guilder was higher at L552.66 from L552.64. The dollar fell to L1,602.50 from L1,609.5 while sterling was lower at L2,383.1 compared with L2,387.8. Elsewhere the Belgian franc was higher at L30.479 from L30.442 and the French franc improved to L202.41 from L202.32.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.7582	+1.91	+1.87	±1.5447
Danish Krone ...	8.14104	8.20849	+0.83	+0.79	±1.6425
German D-Mark	2.24184	2.23579	−0.27	−0.31	±1.0642
French Franc ...	6.87456	6.88930	+0.21	+0.17	±1.4062
Dutch Guilder ...	2.52595	2.52348	−0.10	−0.14	±1.4964
Irish Punt ...	0.72569	0.728118	+0.33	+0.29	±1.6699
Italian Lira ...	1403.49	1394.06	−0.67	−0.67	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York latest

	March 5	Prev. close
Spot	$1.4816-4825	$1.4830-4840
1 month	0.10-0.13 dis	0.10-0.12 dis
3 months	0.43-0.47 dis	0.42-0.44 dis
12 months	2.53-2.43 dis	2.32-2.37 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

March 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4825-1.4930	1.4845-1.4855	0.08-0.13c dis	[illegible]	[illegible]	[illegible]
Canada	1.8575-1.8665	1.8595-1.8605	0.08-0.18c dis	[illegible]	[illegible]	[illegible]
Nethlnd.	4.30½-4.33½	4.31½-4.32½	1¼-⅞c pm	[illegible]	[illegible]	[illegible]
Belgium	78.00-78.55	78.05-78.15	24-34c dis	[illegible]	[illegible]	[illegible]
Denmark	14.01-14.07	14.04⅞-14.05⅞	1⅞-2⅞ore dis	[illegible]	[illegible]	[illegible]
Ireland	1.2430-1.2520	1.2480-1.2490	0.25-0.37p dis	[illegible]	[illegible]	[illegible]
W. Ger.	3.81½-3.84½	3.82½-3.83½	1¼-⅞pf pm	[illegible]	[illegible]	[illegible]
Portugal	192.50-194.50	192.75-193.25	270-575c dis	[illegible]	[illegible]	[illegible]
Spain	219.75-221.00	220.00-220.20	180-205c dis	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

THE DOLLAR SPOT AND FORWARD

March 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4825-1.4930	1.4845-1.4855	0.08-0.13c dis	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

OTHER CURRENCIES

Mar. 5	£	$		£ Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

* Selling rate.

CURRENCY MOVEMENTS

Mar. 5	Bank of England Index	Morgan Guaranty Changes %
Sterling	82.1	−9.0
U.S. dollar	125.1	+14.1
Canadian dollar	90.1	−9.9
Austrian schilling	117.8	+4.2
Belgian franc	91.0	−10.9
Danish kroner	79.7	−5.5
Deutsche mark	127.9	+9.0
Swiss franc	150.1	+12.0
Guilder	116.5	+4.9
French franc	67.4	−14.6
Lira	48.8	−15.0
Yen	158.5	+15.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

March 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.719074	0.564911
U.S. $	8½	1.06595	0.837463
Canadian $	10.07	[illegible]	1.05869
Austria Sch.	3¾	[illegible]	15.7902
Belgian F.	11	56.3123	45.7582
Danish Kr.	7	10.0939	8.20849
D'mark	4	2.74971	2.23579
Guilder	5	3.10225	2.52348
French Fr.	9½	8.47137	6.88930
Lira	16	1713.55	1394.06
Yen	5	242.085	194.462
Norwgn Kr.	8	7.94997	6.47191
Spanish Pta.	—	158.515	129.046
Swedish Kr.	8½	8.40411	6.70693
Swiss Fr.	4	2.26980	1.84363
Greek Dr'ch	20½	N/A	87.4121

*CS/SDR rate for March 2: 1.32824

EXCHANGE CROSS RATES

Mar. 5	Pound Sterling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.485	3.833	332.5	11.775	3.163	4.320	2382.	1.860	78.10
U.S. Dollar	0.673	1.	2.580	223.8	7.933	2.128	2.908	1604.	1.253	52.59
Deutschemark	0.261	0.387	1.	86.76	3.072	0.825	1.126	621.4	0.485	20.38
Japanese Yen 1,000	3.008	4.466	11.53	1000.	35.41	9.511	12.99	7162.	5.594	234.9
French Franc 10	0.849	1.261	3.255	282.4	10.	2.686	3.669	2023.	1.580	66.31
Swiss Franc	0.316	0.470	1.212	105.1	3.723	1.	1.366	753.0	0.588	24.70
Dutch Guilder	0.231	0.344	0.887	76.97	2.726	0.732	1.	551.3	0.431	18.08
Italian Lira 1,000	0.420	0.624	1.609	139.6	4.944	1.328	1.814	1000.	0.781	32.79
Canadian Dollar	0.538	0.798	2.060	178.8	6.331	1.700	2.323	1280.	1.	41.99
Belgian Franc 100	1.280	1.901	4.907	425.7	15.08	4.049	5.531	3049.	2.382	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11-11½
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	10⅜-10⅝	5⅜-5½	[illegible]	4-4½	6⅛-6⅜	15⅝-16	18-18½	12½-13	12⅛-12⅜	6⅛-6⅜	11⅜-11⅞

Asian $ (closing rates in Singapore). Short-term 9⅞-9⅞ per cent; seven days 9⅞-9⅞ per cent; one month 9⅞-9⅞ per cent; three months 10⅛-10⅜ per cent; six months [illegible] per cent; one year 10⅜-10⅝ per cent. Long-term Eurodollars two years 11⅛-11⅜ per cent; three years 12-12¼ per cent; four years [illegible] per cent; five years [illegible] per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; two days' notice.

MONEY MARKETS

London rates continue to fall

Interest rates maintained an easier tone on the London money market yesterday, increasing speculation about an early cut in clearing bank base rates. Dealers are not expecting a move within the next day or so however because of today's publication of the provisional bank lending and money supply figures, and Wednesday's tender for the new "tap" stock in the gilt market.

Three-month interbank fell to 9 per cent from 9⅛ per cent yesterday, and discount houses buying rates for three-month eligible bills declined to 8⅞ per cent from 8 43-64th per cent.

> UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

Most of the help given to the money market was through late assistance, with the authorities only managing to buy a few bills outright during the day, due to the reluctance of the houses to part with their paper in case there is a cut in base rates.

The Bank of England forecast a money market shortage of £250m. Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender drained £326m, while unwinding repurchase agreements absorbed £126m, and Exchequer transactions another £120m. These were partly offset by the usual Monday fall in the note circulation amounting to £310m, and bank balances above target of £20m.

Before lunch the authorities gave help of only £8m by buying bank bills in band 1 (up to 14 days maturity) at 9⅛ per cent. In the afternoon another £73m bills twere purchased outright through £1m bank bills in band 1 at 9⅛ per cent, and £72m bank bills in band 2 (15-33 days) at 9 per cent. This brought the total assistance on the day of £371m.

In Amsterdam the Dutch National Bank announced it was willing to buy dollars against guilders in a one-month currency swap to take effect from tomorrow and last until April 9. This was a continuation of last week's arrangements by which the central bank purchased $715m against guilders in three one-month currency swaps on Wednesday, Thursday and Friday, adding in excess of Fl2bn of extra liquidity to the money market. These moves were seen as a sign that the authorities were building up liquidity ahead of payment for the new bond issue on March 15 in order to keep interest rates stable. Period rates were generally stable on the money market, but call money eased to 5⅞ per cent from 6⅛ per cent.

MONEY RATES

Mar. 5	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5—5.60	12⅛	1½-2½	5⅞-6	6.53125	16⅞-17¼	11.8	11¾-13
One month	5.65-5.80	12⅜-12½	3⅜-3½	6-6⅛	6.46875	16⅞-17¼	12⅛-12⅜	12⅛-12⅝
Two months	5.75-5.90	12⅛-12⅜	—	—	—	—	—	12⅝-12⅞
Three months	5.80-5.95	12½-12⅝	3⅝-3¾	6-6⅛	6.28125	17-17⅜	12⅛-12⅜	12½-12¾
Six months	5.90-6.05	12⅜-12⅝	—	6⅛-6¼	—	—	12⅛-12⅜	12¾-13
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Mar. 5 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	5-10	[illegible]	[illegible]	[illegible]	—	—	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days or	—	—	[illegible]	—	—	—	—	—	—	—
7 day notice	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	—	—	[illegible]	[illegible]	[illegible]
Three months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	—	[illegible]	[illegible]	—	—
One year	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	[illegible]	—	—	—	—
Three years	—	[illegible]	—	—	—	—
Four years	—	[illegible]	—	—	—	—
Five years	—	[illegible]	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 4 to February 7, 1984 (inclusive): 9.453 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): [illegible] per cent from March 1, 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rate for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount 8.5509 per cent. Certificates of Tax Deposit (Series 6): Deposits of £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-12 months [illegible] per cent. Under £100,000 [illegible] per cent from March 6. Deposits held under Series 4-5 [illegible] per cent. The rate for all deposits withdrawn for cash [illegible] per cent.

MONEY RATES — NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	8.70
Two month	9.00
Three month	9.13
Six month	9.32
One year	9.38

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
11.00 a.m. March 5

3 months U.S. dollars	
bid 10	offer 10 1/8

6 months U.S. dollars	
bid 10 5/16	offer 10 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Quiet trading

Contracts showed little overall change in the London International Financial Futures Exchange yesterday. Euro-dollar prices opened stronger on a weak cash market but fell back to finish at the day's low on fears of higher U.S. interest rates. A rise in the Federal funds rate inhibited a firmer trend as did fears about inflation.

Comments by Mr Paul Volcker, Chairman of the U.S. Federal Reserve Board, that interest rates could be reduced in conjunction with a reduction in the U.S. domestic budget deficit appeared to have little effect.

The June contract, which attracted a majority of the day's volume, opened at 89.56, up from 89.53 and touched a peak of 89.59 before slipping back to finish unchanged at 89.53.

Short sterling contracts were marked lower, largely as a result of lower interest rates on the London money market. A weakness in the cash market reflected hopes of an early reduction in UK clearing bank base rates, and values were higher on the day as the market awaited a reduction in Bank of England dealing rates prior to a lowering of base rates. The possibility of such a move has been increased as a result of the dollar's weaker trend but some sectors of the market suggested a fall in base rates may well coincide with next week's UK Budget announcement.

The June price opened at 91.15 up from 91.10 at Friday's close and touched a high of 91.21 before closing at 91.17.

Gilt futures were also firm on speculation about base rate cuts, although cash prices finished steady after opening higher, and values on Liffe also eased back to show little change overall. June delivery opened at 109-19, and after touching 109-27 closed unchanged at 109-11.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.03	90.05	90.02	90.02
June	89.53	89.59	89.53	89.53
Sept	89.19	89.24	89.18	89.19
Dec	88.90	88.94	88.90	88.89
March	88.64	—	—	88.62

Volume 2,660 (2,342)
Previous day's open int 12,373 (12,298)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	91.14	91.17	91.14	91.08
June	91.17	91.21	91.13	91.10
Sept	91.03	91.06	90.96	90.91
Dec	90.88	90.90	90.86	90.81
March	90.73	90.73	90.72	90.71

Volume 1,399 (3,177)
Previous day's open int 6,176 (6,329)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	109-07	109-22	109-07	109-10
June	109-11	109-27	109-08	109-11
Sept	108-24	109-08	108-24	108-25
Dec	108-11	108-17	108-11	108-08
March	107-29	108-01	107-29	107-23

Volume 3,548 (3,198)
Previous day's open int 4,531 (4,266)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of June futures contract) 18 to 26 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4865	1.4905	1.4850	1.4850
June	1.4910	1.4955	1.4890	1.4900
Sept	1.4970	—	—	1.4943

Volume 179 (325)
Previous day's open int 2,191 (2,202)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3886	0.3897	0.3885	0.3881
June	0.3905	0.3943	0.3924	0.3920
Sept	0.3975	—	—	0.3950

Volume 145 (233)
Previous day's open int 349 (361)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4723	0.4723	0.4715	0.4645
June	0.4797	0.4802	0.4768	0.4722
Sept	—	—	—	—

Volume 55 (12)
Previous day's open int 181 (186)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4465	0.4485	0.4460	0.4400
June	0.4528	0.4528	0.4485	0.4440
Sept	0.4559	0.4559	0.4559	—

Volume 263 (33)
Previous day's open int 236 (223)

CHICAGO

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.80	90.87	90.76	90.86
June	90.40	90.46	90.40	90.47
Sept	90.08	90.12	90.07	90.15
Dec	89.82	89.86	89.82	89.88
March	89.59	89.62	89.59	89.63
June	89.38	89.41	89.38	89.41
Sept	89.20	89.20	89.20	89.22
Dec	—	89.00	89.00	89.03

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.17	90.28	90.16	90.24
June	89.63	89.75	89.62	89.72
Sept	89.25	89.35	89.25	89.31

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	89.70	89.76	89.70	89.75
June	89.20	89.30	89.20	89.27
Sept	88.83	88.94	88.83	88.90
Dec	88.54	88.64	88.54	88.60
March	88.27	88.36	88.27	88.32
June	88.02	88.08	88.02	88.05

STERLING (IMM) Se per £

	Latest	High	Low	Prev
March	1.4830	1.4885	1.4790	1.4835
June	1.4860	1.4940	1.4850	1.4885
Sept	—	1.4980	1.4930	1.4940
Dec	1.5030	1.5060	1.4990	1.5000
March	—	1.5110	1.5050	1.5055

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-19	70-03	69-19	70-01
June	68-19	69-01	68-19	68-31
Sept	67-29	68-05	67-29	68-04
Dec	67-06	67-13	67-06	67-12
March	66-02	66-02	66-02	66-05
June	—	—	—	66-22
Sept	65-05	65-05	65-05	65-09

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	68-25	69-06	68-25	69-06
June	68-05	68-18	68-03	68-17
Sept	67-21	68-00	67-18	68-00
Dec	67-05	67-14	67-05	67-17
March	66-25	67-01	66-25	67-04
June	66-11	66-19	66-11	66-24
Sept	66-02	66-05	66-02	66-13
Dec	65-24	65-25	65-24	66-03

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on March 5, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.08
Algeria	Dinar	(A) 7.1770
Andorra	French Franc	11775
	Spanish Peseta	220.10
Angola	Kwanza	(CM) 45.4115
Antigua	E. Caribbean $	4.01
Argentina	New Peso	43.62
Australia	Australian $	1.5555
[illegible]	[illegible]	[illegible]
Greenland	Danish Kroner	14.0525
Grenada	E. Caribbean $	4.01
Guadaloupe	Local Franc	11.775
Guam	U.S. $	1.4850
Guatemala	Quetzal	1.4850
Guinea	Syli	34.50
Guinea-Bissau	Peso	117.85
Guyana	Guyanese $	5.5685
Haiti	Gourde	7.4250
[illegible]	[illegible]	[illegible]
Peru	Sol	exc(A)3,661.7
Philippines	Philippine Peso	20.15
Pitcairn Islands	£ Sterling	—
	New Zealand £	2.2080
Poland	Zloty	162.08
Portugal	Portugu'se Escudo	193.00
Puerto Rico	U.S. $	1.4850
Qatar	Qatari Ryal	5.4110
[illegible]	[illegible]	[illegible]

* Rate is the transfer market (controlled). †† Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (1) Based on gross rates against Russian rouble. (2) Essential goods. (3) Preferential rate for priority imports such as foodstuffs. (4) Non-essential imports and private sector applicant. (5) Preferential rate for public sector debt and essential imports. (6) Preferential rate. (7) Free rate for luxury imports, remittances of money abroad and foreign travel. (8) Parallel rate. (9) The rate last week should have read 3,370.

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

Japanese bank plans FRN swap

By Mary Ann Sieghart in London

LONG Term Credit Bank of Japan is raising $100m in the Eurodollar bond market, the proceeds of which will be swapped into floating rate dollar funds. The five-year bond has an 11⅞ per cent coupon at a price of 99¾.

The issue is led by Credit Suisse First Boston, LTCB International, Morgan Guaranty and Salomon Brothers. It met with a much better reception than most of last week's new fixed-rate issues, trading at a discount of 1¼ per cent – right on its selling concession.

Banque Indosuez came out with its $150m floater as expected. It too was well received; the terms were thought to be generous compared with existing French FRNs. It traded at a 0.75 per cent discount, within the 1 point total fees.

The only other dollar new issue yesterday was a $50m bond for Seino Transportation, the Japanese trucking and freight company. The five-year bond has an indicated coupon of 6⅞ per cent at par and is led by Daiwa Europe. Each $5000 bond carries one warrant to buy $5000 worth of the borrower's shares at a premium of about 2½ per cent.

Ricoh, the Japanese photocopier and camera manufacturer, is raising £30m through a Eurosterling deal with the same warrant structure. The five-year issue will pay around 5¼ per cent and is led by Kleinwort, Benson. Terms will be fixed on March 13.

Ricoh is also raising money in the Swiss franc foreign bond market. It has issued a SwFr 100m convertible private placement through UBS which has an indicated 2 per cent coupon for five years. Terms will be set on March 12.

The European Economic Community's Ecu 60m bond has been given a price of 99¾. The issue was trading yesterday at a discount of about 1⅜ per cent, only just outside the 1¼ per cent selling concession.

Prices edged down by about ⅛ point in the dollar secondary market yesterday in very quiet trading. But prices of D-Mark bonds rose by about ⅛ point. Swiss franc foreign bonds performed even better, with prices rising by ¼ point in higher turnover.

BHF Bank bond average

March 5		Previous
99.945		99.879
High	1983-84	Low
102.017		97.699

WORLD VALUE OF THE DOLLAR
every Friday
in the
Financial Times

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 5.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11⅞ 94	100	98⅛	98⅝	0	−0⅞	12.83
Australia Comm 11¼ 90	100	99⅝	100⅛	0	+0⅛	11.22
Australia Comm 11½ 95	300	96⅞	97⅜	0	−0⅝	12.03
Australia Comm 11⅝ 98	100	96½	97	0	−0⅝	12.09
Australian Ind Dev 11 89	75	97⅜	97⅞	+0⅛	−0⅝	11.65
Bank of Tokyo 11⅞ 90	100	98	98½	+0⅝	+0⅛	12.24
Beneficial O/S Fin 12 91	100	96	96½	0	−0⅛	12.84
Britoil Fin 11⅞ 90	125	98⅝	99⅛	+0⅛	−0⅛	12.18
Canada 10⅞ 88	500	98¾	99¼	0	+0⅛	11.27
C.C.C.E. 12⅝ 95	75	98¾	99¼	+0⅛	−0⅝	12.76
Citicorp O/S 10⅞ 90	100	90⅝	91⅛	0	−0⅛	12.58
Citicorp O/S 11⅝ 90	100	97½	98	+0⅛	+0⅛	12.23
D.N.C. 11¾ 91 WW	50	95	95½	−0¼	−0⅞	12.81
D.N.C. 11¾ 91 XW	50	94¼	94¾	−0¼	−0⅝	12.99
Denmark Kingdom 12⅛ 93	100	98⅞	99⅜	+0¼	+0¼	+12.39
E.C.S.C. 11⅞ 90	75	98¾	99¼	0	0	12.07
E.D.C. 11⅛ 89	150	96⅜	96⅞	−0⅛	−0⅛	12.06
E.E.C. 12 93	50	98¾	99¼	0	+0¼	12.15
E.I.B. 11½ 90	200	96½	97	+0⅛	−0⅛	12.21
Eksportfinans 11½ 90	100	95¾	96¼	0	−0⅝	12.38
Gen Elec Credit 11 91 WW	200	96⅝	97⅛	0	−0⅛	11.67
GMAC O/S Fin 11⅜ 90	100	98⅛	98⅝	0	−0⅞	11.71
IC Indust Fin 11⅞ 88	75	95⅞	96⅜	−0⅛	−0⅛	12.37
Indust Bk Japan 11½ 89	125	98	98½	+0¼	+0¼	11.98
Indust Bk Japan 11⅝ 91	100	97⅛	97⅝	+0⅛	+0⅛	12.23
ITT Finance 11½ 89 WW	125	98	98½	+0⅛	+0¼	11.66
J.C. Penney 11⅞ 90	100	98½	99	−0⅛	−1	12.12
J.P. Morgan 11⅜ 90 WW	150	97½	98	0	−0⅛	11.86
L.T.C.B. 10¾ 90	100	92¾	93¼	+0¼	0	12.37
L.T.C.B. 12½ 90	95	100⅞	101⅜	+0⅛	+0⅛	12.28
Macy O/S 11¾ 91	100	98½	99	+0⅛	−0½	12.01
Mitsui Trust Fin 12 91	100	97⅞	98⅜	+0⅛	−0⅛	12.41
Nippon Credit 11⅞ 90	100	97⅛	97⅝	+0⅛	−0¼	12.44
Nippon Tele 11¾ 90	100	98⅝	99⅛	+0⅛	0	11.84
Norwest O/S 12⅛ 91	50	97⅛	97⅝	0	−0⅞	12.71
Nova Scotia Pro 11¾ 91	100	96½	97	+0⅛	+0⅛	12.47
Ontario Hydro 11⅝ 94	200	95¾	96¼	+0⅛	−0⅝	12.36
Ontario Hydro 11¾ 90	200	98¾	99¼	0	−0⅛	11.94
Pacific Gas & Elec 12 91	75	100	100½	−0⅛	−0¼	11.92
P.K. Banken 12 90 WW	75	96⅜	96⅞	0	−0⅛	12.74
Prudential 10⅛ 93 WW	150†	94	94½	+0⅝	+0½	11.10
Prudential 10⅛ 93 XW	150	88¼	88¾	+0¼	−0⅛	11.99
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Av. price changes: on day +⅛, on week −⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Av. price changes: on day +⅛, on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Av. price changes: on day +⅛, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 7⅝ 94	15	[illegible]	[illegible]	—	—	7.45
Australia 8⅛ 92	15	107⅝	108⅛	+0⅛	+0⅛	7.35
Int-Am Dev Bk 7⅜ 93	15	102	102½	+0⅛	−0⅛	7.53
New Zealand 7⅝ 89	15	103½	104	0	0	6.78
World Bank 7⅝ 93	20	101⅞	102⅜	+0⅛	−0⅛	7.39

Av. price changes: on day +⅛, on week −⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col Hyd 12 93 C$	125	97⅝	98⅛	+0⅛	0	12.36
Brit Col Tel 12¼ 99 C$	70	98	98½	+0⅛	0	12.38
Canadian Occ 12⅝ 89 C$	80†	98⅞	99⅜	0	−0⅛	12.51
E.I.B. 12⅛ 91 C$	80†	98¼	98¾	+0⅛	+0⅛	12.41
Laidlaw 12½ 90 C$	35†	98⅛	98⅝	+0⅛	+0⅝	12.39
Montreal City of 12 90 C$	50†	97⅞	98⅜	0	0	12.48
World Bank 12⅛ 90 C$	75†	100	100½	0	+0½	12.15
CIE Bancaire 11 90 ECU	37*	99⅞	100⅜	0	+0⅛	10.91
Westlb Fin 10⅞ 91 ECU	50†	100	101	0	−0⅝	10.76
Amro Bank 8¼ 88 Fl	100	103⅛	103⅝	+0⅝	+0⅝	7.33
Bank Mees & Hope 8¼ 89 Fl	100	99½	100	—	—	8.21
Int Stand Ele 8½ 89 Fl	100	101½	102	—	—	8.06
Ned Middenstandbk 9 88 Fl	100	102⅞	103⅜	+0⅛	+0⅝	8.15
PHP 8¼ 89 Fl	75	99¾	100¼	—	—	8.25
Rabobank 9 88 Fl	100	102⅞	103⅜	+0¼	+0¼	8.04
O.K.B. 14 88 FF	400†	101	102	0	0	13.85
Solvay & Cie 14¾ 86 FF	200†	102	103	0	0	13.25
B.F.C.E. 11½ 88 £	50	100½	101	−0½	+0⅛	11.26
CIBA-Geigy Inf 8¾ 93 £	25	101	103	+0⅝	−0½	8.45
Commerzbank 11½ 90 £	25	100⅛	100⅝	+0⅛	+0½	11.38
E.E.C. 11⅜ 94 £	50	99⅞	100⅜	+0⅛	+0⅝	11.34
E.E.C. 11⅞ 93 £	50	101⅝	102⅛	0	+0¼	11.52
E.I.B. 10¾ 92	50	96¼	96¾	—	—	11.44
Fin For Ind 10½ 90 £	20	96⅛	96⅝	+0⅝	+0⅝	11.32
Finland Rep 11⅞ 88 £	50	102	102½	+0⅛	+0⅝	11.17
I.I.I. 10¾ 93 £	25	96¾	97¼	+0½	+0⅝	11.39
I.I.I. 11½ 91 WW £	50†	101¾	102¼	+0¼	+0⅝	11.12
Int Stand Ele 11⅞ 89 £	50	98⅛	98⅝	+0⅛	+0⅝	11.29
Norsk Hydro 12 90 £	30	104¼	105	0	+0¼	10.88
Sweden 11⅛ 93 £	50	98⅝	99⅛	+0⅛	+0⅝	11.40
Swed Exp Cred 11¼ 88 £	30	100⅝	101⅛	+0⅛	+0⅝	10.98
World Bank 11⅛ 88	100	100½	101	+0¼	+1	10.86
Electrolux 10 89 LF	500*	97⅝	98⅝	0	+0¼	10.57
Europarat 10¾ 93 LuxFr	600*	99	100	0	0	10.83

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish Bk 5¼ 95	0⅛	98⅜	98⅞	8/6	10.31	10.45
B.B.L. Int 5 99	0¼	99	99½	11/4	5	5.04
Banco di Roma 5¼ 90	0¼	99⅞	100⅛	7/6	10½	10.50
Barclays O/S Inv 5-2004	0⅛	99⅛	99⅝	2/8	10.56	10.64
Belgium 5 2004	0⅛	99⅛	99⅝	9/7	10.31	10.39
Bk of New-Yk 5¼ 96 $	0⅛	99⅛	99⅝	12/4	10.06	10.14
Commerzbank 5¼ 89 XW	—	99	99¼	21/5	10	10.09
Creditanstalt Bank 5 96	⅛	98⅞	99⅛	23/8	10½	10.61
Gis Erste Oes 5¼ 92	0⅛	99½	99¾	27/7	10¼	10.28
Dresdner Fin 5¼ 88		99⅛	99⅝	23/5	10¼	10.32
EAB Fin 5 93 $	0¼	99¾	100	28/8	10.69	10.70
Ferrovie Stato 5¼ 88	0⅛	98⅞	99⅛	31/8	10.69	10.80
Fst Interstate 5¼ 95 $	0⅛	99¼	99½	6/3	9.94	10.00
Fuji Int'l 5¼ 96 $	0⅛	99⅝	99⅞	12/7	10⅜	10.38
Genfinance 5 94	0⅛	99⅝	99⅞	19/7	10⅛	10.18
Grindlays Euro 5¼ 94	0⅛	99¾	100	1/8	10¼	10.25
Kansallis Osake 5¼ 92	0⅛	99⅛	99½	1/8	10⅛	10.19
Mitsui Finance 5¼ 96$	0⅛	99½	99¾	1/8	10.66	10.68
Neste OY 5¼ 94	0⅛	99¼	99½	23/8	10.56	10.63
Quebec Hydro 5¼ 94	0⅛	99⅝	99⅞	19/7	10⅛	10.18
Sanwa Int Fin 5¼ 92	—	99⅛	99⅜	16/8	10.19	10.29
Spain 5¼ 97	0⅛	98½	98¾	23/8	10.56	10.71
Sumitomo 5¼ 94 $	0⅛	99⅝	99⅞	9/8	10⅛	10.18
Sweden 5¼ 2003 $	0¼	99⅝	99⅞	17/5	10.19	10.21

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
BBC Brown Boveri 4½ 95 †	2/84	186	101	102½	+1	−5.32
Canon 7 97	7/82	889.2	232	234	+2½	1.25
Daiwa Sec Co 5½ 98 †	10/83	481.6	183	184	+2¾	3.38
Fanuc 3¾ 98	1/84	9142	138	140	+10⅝	4.87
Hitachi Cable 5¼ 96	2/82	515	141⅞	143⅝	+11¼	5.07
Honda Motor 5¾ 98	6/83	894	123	124¼	+2½	2.15
Konishiroku Photo 4 98	10/83	873	101½	102½	+0⅝	0.78
Kyowa Hakko 6¼ 97	2/83	762	124⅝	125⅝	+2½	7.38
Minebea Co Ltd 5½ 98	5/83	667	111⅜	112⅜	+3⅝	−1.33
Mitsubishi Electric 5¼ 98	6/83	396	107¼	108¼	+2¼	2.75
Mitsubishi Heavy 4⅞ 98	1/84	253	101⅛	102⅛	+2	1.83
Murata 3½ 99	2/84	2939	135½	136½	+5⅞	−1.82
Nippon Oil Co 3¼ 99	3/84	1052	109	110	—	2.11
Nippon Oil Co 5½ 98	4/83	984	119⅜	120⅜	+5¼	5.81
Nissan Motor 5¾ 98	4/83	700	106½	107½	+3¾	−2.38
Olympus Optical 6⅝ 97	12/82	1157	105¼	106¼	+2	7.57
Ono Pharm'cal Co 3¼ 98	3/84	9488	112¼	114¼	+1½	7.93
Orient Leasing 5¼ 98	6/83	2698	134⅞	135⅞	+8¼	−6.25
Secom 5 98	11/83	2829	185¼	186⅝	+5⅛	2.89
Yamaichi Sec.Co 5 98	8/83	449.5	100½	102	+2	−1.43
Yamanouchi Pharm'cal 4 80	10/83	1888	96⅝	97⅝	+0¼	25.19
Bridge Oil 4¾ 93 SF	3/84	3.43	107	109	+0½	23.36
Nippon Airway 2¾ 94 SF	2/84	354	100	102	+2¼	−1.83
Toshiba 2¾ 94 SF	1/84	391	106½	108½	−0⅛	6.15
Asics 5 92 DM	12/83	528	110⅝	111⅞	0	22.16
Sun Realty 6⅛ 92 DM	2/83	365	124	125	+4	−5.72

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cr. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.